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FBIS-EAS-95-179 **CONTENTS** *15 September 1995*

NOTICE: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

KEDO, DPRK Experts Study Reactor Contract *[THE STAR 15 Sep]* 1
  KEDO Official on Prospects *[YONHAP]* 1
  KEDO Experts Conclude Talks *[Kuala Lumpur International]* 1
OIC Foreign, Defence Ministers Hold Meeting 1
  Malaysian Defense Minister Comments *[THE STAR 15 Sep]* 1
  Jordan Delegate Supports Bosnians *[Amman TV]* 2
Bosnian Foreign Minister Explains Contact Group *[Kuala Lumpur TV]* 2

INTER-ASIAN AFFAIRS

Further on Meeting of South Pacific Forum 3
  Leaders Criticize Nuclear Tests *[Melbourne International]* 3
  No Fear of French Repercussions *[Melbourne International]* 3
  Keating Remarks on Indonesia *[Melbourne International]* 3
  Interest in New Caledonia Vote *[Melbourne International]* 3
  Economic Plan Endorsed *[Melbourne International]* 3
Japan Said Still Uncommitted to EAEC Group *[NEW SUNDAY TIMES 10 Sep]* 4

NORTHEAST ASIA

Japan

MOT Not To Intervene in U.S. Shipping Issue *[KYODO]* 5
Envoy Views Tokyo's Stand on Upcoming UNGA *[YOMIURI SHIMBUN 13 Sep]* 5
MOFA Wary of Sakigake's Anti-France Moves *[SANKEI SHIMBUN 12 Sep]* 5
Palau President Condemns French Nuclear Test *[MAINICHI SHIMBUN 12 Sep]* 6
Analyst on Nuclear Nonproliferation Policy *[SANKEI SHIMBUN 11 Sep]* 6
Editorial Urges Early Nuclear Test Ban Treaty *[NIHON KEIZAI SHIMBUN 7 Sep]* 8
Preliminary Talks With DPRK To Open in China *[ASAHI SHIMBUN 15 Sep]* 8
Taiwan Envoy Urges Li's Invitation to APEC *[KYODO]* 9
APEC Draft Action Plan Disclosed *[NIHON KEIZAI SHIMBUN 14 Sep]* 9
Coalition Urges Extra Public Works in Package *[KYODO]* 10
Financial Institutions Asked for More Data *[KYODO]* 10
Japanese Stock Market Situation Viewed *[SHUKAN DAIYAMONDO 15 Jul]* 10
Interim Report on Failed Banks, Housing Lenders *[NIHON KEIZAI SHIMBUN 13 Sep]* 14
BOJ Reserves To Support Failed Institutions *[KYODO]* 15
Special Tax Cut To Continue Into FY96 *[SANKEI SHIMBUN 12 Sep]* 15
MOL Eying Support for Small Firms' Ventures *[KYODO]* 16
Support Rate for Murayama Cabinet Declining *[ASAHI SHIMBUN 12 Sep]* 16
LDP Presidential Candidates Interviewed *[Tokyo TV]* 17
Media Discuss LDP Presidential Race *[YOMIURI SHIMBUN 12 Sep, etc.]* 19
Hashimoto, Koizumi Clash Over Economic Policies *[KYODO]* 20
Komei Allowing NFP 'Double Party Membership' *[NIHON KEIZAI SHIMBUN 14 Sep]* 21
Table of Parliamentary Strength *[KYODO]* 21

Mongolia

Turkish President Meets With Ochirbat, Officials *[Ankara TV]* 21
Accords Signed *[Ankara TV]* 21

North Korea

U.S. Air Exercises Reported 12, 13 Sep *[KCNA]* 22
South Accused of 'Aggravatiang' DMZ Situation *[KCNA]* 22
UN Criticism of South on Human Rights Reported *[KCNA]* 22
Organizations Demand South Release Pak Yong-kil 23
NDFSK Demands Release *[KCNA]* 23
Swedish, Nepalese Groups *[KCNA]* 23
Reportage on Visit by Hanchongnyon Delegates 23
Group Meets University Students *[KCNA]* 23
Delegates Interviewed *[KCNA]* 24
Activities Outlined *[KCNA]* 24
Reporters Discuss Conditions in Flooded Areas *[Pyongyang Radio]* 25
Kim Chong-il Inspects 893d KPA Unit 13 Sep *[Pyongyang Radio]* 27
KCNA Reports on Visit 28
Kim Chong-il Thanks Various Units, People *[KCNA]* 29
Foreign Groups Observe National Day 29
Russian, PRC Groups Offer Praise *[KCNA]* 29
Guyanese President Praises Achievements *[KCNA]* 30
Foreign Leaders Send Messages *[KCNA]* 30
State, Party Leaders Send Greetings *[KCNA]* 31
Embassies Abroad Receive Messages *[KCNA]* 31
Middle East Conference Expresses Support *[KCNA]* 31
Sends Letter to Kim Chong-il *[KCNA]* 32
Foreign Delegations Visit Kumsusan Palace 33
German Parliamentary Group *[KCNA]* 33
Japanese, Kuwaiti Groups *[KCNA]* 33
Group From PRC, Peru, CIS *[KCNA]* 33
Modernization of Light Industry Accelerated *[KCNA]* 34
Iron, Steel Complexes Report Production Gains *[Pyongyang Radio]* 34
Changjagang Power Plant Boosts Production *[Pyongyang Radio]* 34
Hydroelectric Plants Report Increased Output *[Pyongyang Radio]* 35
PRC Paper Praises Pyongyang Performing Group *[KCNA]* 35
Talk Stresses Strengthening Revolution *[Pyongyang Radio]* 35

South Korea

Working-Level Talks on Auto Trade End in U.S. *[THE KOREA TIMES 15 Sep]* 37
Dailies on KEDO Negotiations in Kuala Lumpur *[KYONGHYANG SINMUN 13 Sep, etc.]* 37
KEDO, DPRK Working-Level Talks Recess *[YONHAP]* 38
KEDO Director Arrives in Seoul 15 Sep *[YONHAP]* 38
IAEA Resolution on North Nuclear Issue Urged *[CHOSON ILBO 15 Sep]* 38
Russian Premier Rules Out 'Close' Ties to North *[YONHAP]* 38
Pyongyang, Tokyo To Discuss Resuming Talks *[YONHAP]* 39
DPRK Military Said Training Burundian Army *[CHOSON ILBO 15 Sep]* 39
Red Cross Airs Flood Aid Message to North *[Seoul Radio]* 39
NUB Approves Corporate Investment in North *[YONHAP]* 40
North Korean Logger Defects to South *[YONHAP]* 40
Russia Delivering 2 Helicopters To Repay Debt *[THE KOREA TIMES 15 Sep]* 40
Government To Cushion Impact of Taxation Plan *[THE KOREA TIMES 15 Sep]* 40
Government Intervenes in Stock Market *[THE KOREA TIMES 15 Sep]* 41
World Bank Bid for Won-Denominated Bonds Viewed *[THE KOREA TIMES 15 Sep]* 42
Student Leaders Begin Kwangju Hunger Strike *[YONHAP]* 42
Kim Yun-hwan Urges Generational Shift *[YONHAP]* 42
DLP Chairman Discusses Presidential Succession *[YONHAP]* 43
NCNP Launches 'Political Offensive' *[YONHAP]* 44

SOUTHEAST ASIA

Burma

Article Views Khin Nyunt-Albright Talks *[THE NATION 15 Sep]* 45

Cambodia

Police Seize 13 Kg Uranium, Arrest Four People *[REAKSMEI KAMPUCHEA 15 Sep]* 46
Australia To Train Army Personnel in 1996 *[REAKSMEI KAMPUCHEA 15 Sep]* 46
Rebels Call SRV 'Invasion' 'Unacceptable' *[Radio PGNUNS]* 46
Khmer Rouge Claims Ieng Muli Serves Vietnam *[Radio PGNUNS]* 47

Indonesia

Article Warns of China's 'Expansionist Tendency' *[MERDEKA 15 Sep]* 47
Dili Rioters To Face Legal Action *[Jakarta Radio]* 48

Philippines

President Establishes Aviation Security Office *[Quezon City Radio]* 49
Secretary Rejects 'Immediate Exit' From IMF *[MANILA STANDARD 14 Sep]* 49
Cabinet Approves 1996-2025 Energy Plan *[BUSINESS WORLD 13 Sep]* 50

Thailand

Discussion of Drug Probe Committee Continues 50
    Banhan Justifies Appointment *[Bangkok Radio]* 50
    Probe To Boost Reputation *[THE NATION 15 Sep]* 50
    Minister Confident of Cooperation *[BANGKOK POST 15 Sep]* 51
    Article Criticizes Probe *[THE NATION 15 Sep]* 52
    Editorials View Formation *[MATICHON 14 Sep, etc.]* 54
Officials Discuss Benefits of AFTA Tax Cuts *[THE NATION 15 Sep]* 54
Investment in Malaysian High-Tech Urged *[BANGKOK POST 15 Sep]* 55
Number of Refugees Repatriated to Laos Declining *[BANGKOK POST 15 Sep]* 56

Vietnam

Indonesian President Promotes Ties, Cooperation *[VNA]* 56
Chief of Staff of Indonesian Armed Forces Visits *[VNA]* 57
Assembly Delegation Concludes Visit to Hungary *[VNA]* 57
Radio Examines IFC's Assistance in Development *[Hanoi International]* 57
Ho Chi Minh City Court Tries Opium Case *[SAIGON GIAI PHONG 18 Aug]* 58
State Bank Halts Bank Credit To Fight Inflation *[THOI BAO KINH TE SAIGON 30 Aug]* 58
Hai Phong Prepares for National Party Congress *[Hanoi Radio]* 58

AUSTRALASIA

Forum To Review French Status if Tests Continue *[AFP]* 60

Australia

Trade Minister Confident About APEC Future *[Melbourne International]* 60

KEDO, DPRK Experts Study Reactor Contract

BK1509094895 Kuala Lumpur THE STAR in English 15 Sep 95

[Received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Experts from North Korea and the Korean Peninsula Energy Development Organisation (Kedo) yesterday pored over the fine print of the contract to supply lightwater nuclear reactors to Pyongyang a day after their senior officials wrapped up their first round of talks here.

Kedo spokesman Mitchell Reiss said both sides were trying to examine the details and explain their positions, as well as clarify any areas of disagreement.

"There are key structural elements to the deal that would need to be discussed at the senior level," he told reporters at the end of the technical-level meeting.

"There are also many smaller details, particularly nuances and timing issues which we discussed," he said.

Both sides had announced that negotiations here were taking place within the framework agreement and joint statement made by Washington and Pyongyang since last October over the lightwater reactor project to replace North Korea's graphite facilities that can produce weapons-grade plutonium.

Kedo executive director Stephen Bosworth and North Korea's roving Ambassador Ho Chong yesterday concluded two days of talks, leaving their technical experts to continue the discussions here. The Kedo executive board is scheduled to meet in Tokyo today.

KEDO Official on Prospects

SK1409075595 Seoul YONHAP in English 0746 GMT 14 Sep 95

[FBIS Transcribed Text] Kuala Lumpur, Sept. 14 (YONHAP) — North Korea is hoping to ink a contract with the Korean Peninsula Energy Development Organization (KEDO) regarding KEDO's provision of light-water nuclear reactors to the North before Oct. 21, the one year anniversary of the Pyongyang-Washington basic nuclear agreement reached in Geneva, a KEDO official said on Thursday.

The official, who is taking part in the ongoing experts' meeting here between North Korea and KEDO, made the remarks, adding that KEDO is pushing to conclude a realistic contract which is attainable at this point, rather than seeking an early conclusion itself.

KEDO expects the final agreement will be initialed within six months, he added.

KEDO Experts Conclude Talks

BK1509095295 Kuala Lumpur Voice of Malaysia in English 0800 GMT 15 Sep 95

[FBIS Transcribed Text] Experts from North Korea and the Korean Peninsula Energy Development Organization, KEDO, today ended three days of talks in Kuala Lumpur on the contract to provide light-water nuclear reactors to Pyongyang.

KEDO chief expert Gary Samore said both sides had identified several issues and differences and hoped to try to resolve them at the next round of meeting within the next few weeks. They said the meeting was very successful in identifying the key issues that need to be addressed in the upcoming discussions. Mr. Samore said both Pyongyang and the international consortium agreed to resolve the outstanding issues in the light-water reactors supply agreement as soon as possible.

The agreement, which was the focus of attention of the nuclear experts for the past few days, provides for the supply of two such reactors to North Korea to replace the graphite facilities said to be capable of producing weapons-grade plutonium.

OIC Foreign, Defence Ministers Hold Meeting

Malaysian Defense Minister Comments

BK1509075095 Kuala Lumpur THE STAR in English 15 Sep 95

[Report by Leslie Lau, Hah Foong Lian and Zulkifli Abdul Rahman — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Foreign and Defence ministers from the Organisation of Islamic Conference (OIC) contact group and troop contributing countries will focus on finding ways for the Bosnian government to defend themselves against the rebel Serbs at their two-day meeting beginning today.

Defence Minister Datuk Syed Hamid Albar did not discount the supply of arms to Bosnians as an option but said it would only be a "subsequent action."

"Our focus is on self-defence (of the Bosnians) and you cannot fight (the rebel Serbs) without having the firepower and ability to defend yourselves," he said after meeting with his Iranian counterpart Mohammad Foruzandeh yesterday.

Foreign Minister Datuk Abdullah Ahmad Badawi said decisions taken at the meeting would be in line with the declaration taken at the Geneva meeting in July.

The OIC contact group in its Geneva meeting had declared the UN arms embargo on Bosnia invalid.

Senior officials from the Defence and Foreign ministries completed their three day meeting yesterday and Foreign Ministry secretary-general Tan Sri Ahmad Kamil Jaafar said their recommendations would be geared towards assisting the Bosnian government.

"We are not happy with the balance of power now and see a need to strengthen the Bosnian position at the conference table," he said.

Bosnian Army chief General Rasim Delic [spelling as published] added that the OIC must provide the Bosnian government with military strength and balance of power.

"Muslims all over the world must defend the human rights of fellow Muslims in Bosnia," he said.

Jordan Delegate Supports Bosnians

JN1409200195 Amman Jordan Television Network in English 1900 GMT 14 Sep 95

[From the "News at Ten" program]

[FBIS Transcribed Text] In Kuala Lumpur, foreign and defense ministers from 13 Islamic countries ended a meeting with a unanimous pledge to provide arms and other assistance for Bosnia. An 18-point declaration called for establishing an assistance mobilization group to coordinate humanitarian, economic, and defense aid and to pressure the United Nations to lift the arms embargo on Bosnia.

Chief Jordanian delegate to the meeting Minister of Information Dr. Khalid al-Karaki said Jordan is supportive of the just struggle of the Bosnian people, who are fighting for their independence, sovereignty of land, and freedom. Al-Karaki also said the Kingdom, represented by its king and people, has always expressed its support to the Bosnian people and its condemnation of the Serb aggression.

Bosnian Foreign Minister Explains Contact Group

BK1409133695 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 14 Sep 95

[FBIS Translated Text] The Organization of the Islamic Conference, OIC, performed its function by defending the Bosnians on the basis of humanitarianism, not religion. Bosnian Foreign Minister Muhammed Sacirbey said this when asked to comment on an AFP report that said the Bosnian Serbs planned to establish a contact group consisting of countries belonging to the Christian faith:

[Begin Sacirbey recording, in English] I think they misunderstand the nature of the Islamic Contact Group. The Islamic Contact Group is not there to help the Muslims but to help the victims. And unfortunately, in the past, Europe was too insensitive to the victims because they were Muslims. Now Europe has, in fact, reconciled itself with the identity of the victims; the fact that they are Europeans as well as Muslims. And what we see happening here today is entirely consistent with Western efforts — with the efforts of France and the United States and others. So this is a misguided effort to make this into a religious war after all, which is what they wanted to do all along. [end recording]

Further on Meeting of South Pacific Forum

Leaders Criticize Nuclear Tests

LD1509090695 Melbourne Radio Australia in English 0700 GMT 15 Sep 95

[FBIS Transcribed Text] The South Pacific Forum has called on France, the United States, and Britain to sign the South Pacific Nuclear-Free Zone Treaty. Forum leaders meeting at Madang in Papua New Guinea have also expressed outrage at French testing and called for a halt to the program. But they pulled back from a threat to exclude France from talks that are due to follow the meeting.

Australia's Prime Minister Paul Keating supported moves to keep dialogue open with France:

[Begin Keating recording] Well, there was no support for that much because I think for some countries here, smaller Pacific island states, their only contact with France is actually through this dialogue point every year. For those of us, of course, that have embassies and structured relations with France, it doesn't matter. But you've got to remember there are many countries here. They are very small, you know, populations of 70,000, and less. And their only contact with France is at this post-Forum dialogue. So, I think they were, they took the view they are better to have a link than no link. [end recording]

No Fear of French Repercussions

LD1509083095 Melbourne Radio Australia in English 0700 GMT 15 Sep 95

[FBIS Transcribed Text] Fiji's Prime Minister Sitiveni Rabuka says he believes there has been too much debate on French nuclear testing at this year's South Pacific Forum meeting in Papua New Guinea. Mr. Rabuka said that while he opposes nuclear testing, he believes the Forum should have been giving more attention to development issues. Much of yesterday's retreat by the Pacific leaders in Madang was spent discussing the nuclear testing issue, with a draft resolution being changed to make it more condemning of the French. Mr. Rabuka said leaders were generally in agreement with the draft, but some nations still felt it was not strong enough.

The Fiji leader says none of the 16 Forum states feels threatened by any French repercussions as a result of the Forum condemning the tests at Mururoa Atoll.

Keating Remarks on Indonesia

LD1509085695 Melbourne Radio Australia in English 0700 GMT 15 Sep 95

[FBIS Transcribed Excerpt] Australia's Prime Minister Paul Keating says Indonesia recognizes the impact on its reputation of human rights abuses. He made the remark in Madang [Papua New Guinea] on the eve of his departure for an official visit to Indonesia. Mr. Keating said that in previous talks with Indonesian leaders, he had raised concerns about human rights in East Timor and Irian Jaya. He acknowledged that Australians were still concerned about human rights abuses in Indonesia, but refused to say whether he would be raising human rights issues when he met President Suharto on the weekend. [passage omitted]

Interest in New Caledonia Vote

LD1509085095 Melbourne Radio Australia in English 0700 GMT 15 Sep 95

[FBIS Transcribed Text] The South Pacific Forum summit of 16 nations has ended in Papua New Guinea with a communique calling for the forum to be more closely involved with New Caledonia's vote on possible independence from France. The 14-island nations, plus Australia and New Zealand, also solidly condemned France's resumption of nuclear testing in the South Pacific, expressing extreme outrage at the decision.

The meeting in Madang noted that under the Matignon Accord, New Caledonia is due to hold a referendum on independence in 1998. The forum noted that the implementation of the accord agreed on between France and New Caledonia in 1988 after several years of violence and unrest in the territory, had continued smoothly over the past 12 months. However, the forum noted that New Caledonia's long-term political and constitutional future remained uncertain. The forum's communique resolved that as the countdown to the 1998 referendum gains momentum, regional monitoring should be stepped up in cooperation with the French authorities.

The communique also endorsed a draft code of conduct on the sustainable logging of tropical forests, while leaving its ratification to individual nations. The forum leaders also expressed concern at what they called a ceiling of economic assistance to the South Pacific, with many donors reducing their aid.

Economic Plan Endorsed

LD1509105695 Melbourne Radio Australia in English 0900 GMT 15 Sep 95

[FBIS Transcribed Excerpt] Leaders of the 16-member South Pacific Forum have endorsed a plan to promote economic development in the region. The plan, adopted at a summit in the Papua New Guinea town of Madang, will involve a review of existing patterns of trade, investment and other aspects of regional economic relations. A communique issued at the end of the Forum summit said particular attention would be paid to increasing the competitiveness of industries in the region by reducing trade barriers. It says Forum members will also seek ways of overcoming the difficulties involved in travelling or moving goods within the South Pacific. [passage omitted]

Japan Said Still Uncommitted to EAEC Group

BK1209073595 Kuala Lumpur NEW SUNDAY TIMES in English 10 Sep 95 p 6

[Report by Baidura Ahmad]

[FBIS Transcribed Text] Bandar Seri Bengawan, Sat — Japan, in the latest meeting with Asean Economic Ministers has evaded yet again the issue of its participation in the East Asia Economic Caucus [EAEC].

International Trade and Industry Minister Datuk Sri Rafidah Aziz said Japan was still uncommitted and had continued with its delaying tactic, this time by bringing up again the issue of including Australia and New Zealand into EAEC.

"As long as there is objection from the US it (Japan) will continue with its delaying tactics," she said.

Rafidah said Japanese Minister of International Trade and Industry Ryutaro Hashimoto, when asked about the country's latest position on EAEC, "said he was not negative to the idea but would like Australia and New Zealand in".

"He said Australia, which used to be negative towards the idea (EAEC), has now changed its mind and is more positive," she said when briefing Malaysian reporters at the end of the one-day meeting between Asean Economic Ministers (AEM) and the Japanese Miti [Ministry of International Trade and Industry].

The AEM and Miti of Japan meeting was the last in a series of meetings held in conjunction with the 27th AEM meeting which was opened by Sultan Brunei Sultan Hassanal Bolkiah on Wednesday.

Rafidah said Hashimoto's statement was contradictory to the Australian position on EAEC as stated earlier by its Trade Minister, Senator Bob McMullan.

At a press conference held after the AEM-CER [Closer Economic Relations] countries meeting earlier today, McMullan said Australia "does not understand and appreciate the reason and rationale behind the existence of EAEC".

CER (Closer Economic Relations) countries are Australia and New Zealand.

New Zealand Minister for Trade Negotiations Philip Burdon, when asked on same subject, said his country would monitor the situation before making commitments.

When asked to comment on the series of meeting this week, Rafidah said was obviously a spirit of unity and cohesiveness within Asean which reflects its maturity.

However, she said it was regretful that Asean consensus on certain issues such as the Asia Pacific Economic Cooperation with each country having its own stand.

Japan

MOT Not To Intervene in U.S. Shipping Issue

OW1409124495 Tokyo KYODO in English 1126 GMT 14 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 14 KYODO — The U.S. Federal Maritime Commission sent queries to Japanese shipping companies Thursday [14 September], seeking clarification of their industry practices, Ministry of Transport [MOT] officials said.

The commission has said the Japanese customs of requiring cargo weight checks and consultations between stevedoring and shipping firms before loading and unloading operations have restricted business opportunities for foreign shipping companies.

The commission asked the companies to answer the queries by Nov. 13.

The European Union delegation in Japan, meanwhile, submitted a petition to the Transport Ministry asking for simplification of the operations.

The ministry will not intervene in the issue, the officials said.

In a related move, an EU official said in Brussels that the union expects the Japanese authorities to end "unduly expensive port charges" imposed by the Japan Harbor Transportation Association (JHTA) on container cargo.

The official quoted the EU petition submitted to Japan's Transport Ministry as saying, "JHTA requirements represent obstacles to trade between EU and Japan...and appear to be both private monopolization and abuse of a dominant bargaining position."

The EU side also complains that any changes in the services of shipping companies serving Japanese ports are subject to prior consultation with the JHTA.

"If the EU is not satisfied, it will pursue the issue in the context of the World Trade Organization," the official said.

Envoy Views Tokyo's Stand on Upcoming UNGA

OW1509110395 Tokyo YOMIURI SHIMBUN in Japanese 13 Sep 95 Morning Edition p 2

["Summary" of a YOMIURI SHIMBUN interview with Hisashi Owada, Japanese ambassador to the United Nations, held in Tokyo on 12 September.]

[FBIS Translated Text] The following is a summary of the interview with Ambassador Owada.

Resolution on Banning of Nuclear Tests That Japan Will Submit to the UN General Assembly [UNGA]

Japan has not made its decision, including on whether it will submit the draft independently or jointly with Australia. What is important is the passage (of the resolution). Therefore, Japan will discuss this issue while listening to the views of other member nations after the UNGA session begins. Since the session of the UN First Committee, which is in charge of this issue, will continue up to the end of October, concrete moves will be made by then.

On Japan's Becoming a Permanent Member of the UN Security Council [UNSC]

The member nations have reached a consensus on the need to expand the UNSC. There are various views concerning this issue. While some nations call for an increase in the number of permanent UNSC members, some call for an increase in the number of nonpermanent members; others think both permanent and nonpermanent members should be increased. I think the majority favors the third position. There also is a consensus that "if the number of permanent UNSC members is to be increased, it is natural to include Japan and Germany." This year's UNGA session may work out an outline on this issue. However, under the circumstances, it is not that easy to coordinate the opinions of the member nations. This will take more time.

MOFA Wary of Sakigake's Anti-France Moves

OW1509070895 Tokyo SANKEI SHIMBUN in Japanese 12 Sep 95 Morning Edition p 3

[FBIS Translated Text] On 11 September, the Ministry of Foreign Affairs [MOFA] showed its concern about Japan-France relations worsening over the French military's detention of Representatives Ko Tanaka and Noboru Usami of the New Party Sakigake [Harbinger Party]. The French military took the two Sakigake dietmen into custody when they entered an off-limits zone in Mururoa Atoll, the site of France's nuclear testing, with an environmentalist yacht. Yet, Finance Minister Masayoshi Takemura did not show any regret over his own violation of international law, and even justified the Sakigake members' actions. Thus, friction between MOFA and Sakigake, a member of the ruling coalition, may be intensified.

MOFA has been taking critical attitudes toward anti-France actions by Sakigake members. Commenting on Finance Minister Takemura's remarks calling French President Jacques Chirac "crazy," a senior MOFA official asked, "How would he feel if the French

Government called Japan's defense policy 'crazy'?" In the wake of the French military's detention of the two Sakigake dietmen, MOFA announced, "We must consider entrance into the sea zone despite the evacuation request a violation of international law."

Commenting on the MOFA announcement, Finance Minister Takemura sentimentally said on 11 September, "I think they got aboard the vessel because of their anger at France insisting on the nuclear testing."

Sakigake Secretary General Yukio Hatoyama also showed a stance justifying the two members' actions. He said he would not "take any actions on the case until I hear actual circumstances from the two members when they come home tomorrow morning." However, he added, "I would like to say I have a certain understanding of their behavior."

On the evening of 11 September, a top MOFA official noted that the moves by Finance Minister Takemura and other Sakigake members may affect relations with France, saying, "The issue may be brought up when Japanese special envoy Nobuo Matsunaga meets French leaders." MOFA is thus becoming nervous about Sakigake activities.

Palau President Condemns French Nuclear Test

OW1509055495 Tokyo MAINICHI SHIMBUN in Japanese 12 Sep 95 Morning Edition p 7

[By Shun Ono]

[FBIS Translated Text] Manila, 11 Sep — Leaders of 15 South Pacific countries and regions, including Fiji, Nauru, Papua New Guinea, Australia, and New Zealand, will meet at the South Pacific Forum (SPF) summit at Madang, Papua New Guinea, on 13 September. Prior to his first attendance at an SPF summit, Kuniwo Nakamura, the president of the Republic of Palau — the nation recently joined the forum — granted an interview to a MAINICHI SHIMBUN reporter when stopping in Manila on 11 September.

In the interview, the president strongly condemned France's nuclear tests at Mururoa Atoll in the South Pacific as an arrogant act of superpower. He said, "What would be left for us, the Pacific islanders, if they deprive us of our oceans." At the same time, he indicated his country's intention to sign the South Pacific Nuclear Free Zone Treaty (Rarotonga Treaty) at an early date. SPF members are signatories to the treaty.

Regarding the recent underground nuclear test France carried out in defiance of international criticism, Nakamura said, "It was an extremely distressing event, for the sea is the source of our lives and existence. If it is contaminated, what will be left us? We need economic aid from superpowers, but it does not mean that we must sacrifice everything to obtain that." As a leader of a Pacific island nation, Nakamura expressed strong concerns over the sea pollution caused by nuclear tests.

Nakamura will attend the SPF summit as a representative of Palau, the 16th member nation, and express his "regret" over France's nuclear test. He also revealed that the SPF will likely adopt a resolution on banning further nuclear testing.

Ten years ago, the SPF adopted the South Pacific Nuclear Free Zone Treaty, which prohibits nuclear tests and the dumping of low- level radioactive wastes into the ocean. The president said, "If a request comes from SPF members, Palau will give it a close look and consider signing the treaty. It is possible that we will accede to the treaty during the upcoming summit."

Palau joined the U.S. Compact of Free Association to entrust the United States to defend the island nation. However, Nakamura questioned the compact, as it includes a provision that allows ships carrying nuclear arms to make port calls. "I will visit Washington in the near future to hold talks with the U.S. Government on revising the compact," Nakamura revealed.

Palau, which had been under UN trusteeship, became an independent country when joining the U.S. free association last October. The nation enacted the Constitution banning use of nuclear weapons and nuclear tests in 1981. On implementing the compact, however, Palau froze the Constitution's "nonnuclear provision." As the United States maintains rights to carry nuclear weapons into Palau as well as to build military bases there, the compact is still a big controversy that has split Palau public opinion.

Analyst on Nuclear Nonproliferation Policy

OW1509010895 Tokyo SANKEI SHIMBUN in Japanese 11 Sep 95 Morning Edition p 7

[Article by Seizaburo Sato, chief researcher at the Research Institute for World Peace, from the "Seiron" column: "Nuclear Weapons as the 'Original Sin' and 'Nuclear Deterrence'"]

[FBIS Translated Text] **Inequality Is Better Than Proliferation**

There are many things in this world that are best eradicated but that, nevertheless, have to be allowed to exist. These are things that we can only characterize as deriving from man's original sin. Nuclear weapons are the most serious case in this category.

After eating the "fruit of wisdom," human beings started to have a rational mind and went as far as possessing the technology to produce nuclear arms. It is impossible to undo what has once been learned. It is relatively easy to produce crude atomic bombs. Therefore, even if all existing nuclear weapons are destroyed, somebody will undoubtedly make nuclear weapons secretly somewhere. In that sense, a world without nuclear weapons is an impossible dream. No matter how much they hate it, humankind has to live with nuclear arms.

The most that we can hope for is to reduce the dangers brought about by nuclear weapons. In this area, the most important thing is not to increase the number of countries possessing nuclear arms any further and, to prevent, in particular, the proliferation of nuclear weapons and technology to dangerous countries and groups.

It is true that the existing Nuclear Nonproliferation Treaty [NPT] unjustly favors the nuclear powers. However, I believe that it is still better to put up with such inequality rather than to have the proliferation of nuclear arms.

An immediate ban on nuclear testing is indeed favorable to the United States and Russia, which have acquired advanced technology through their numerous nuclear tests in the past, and unfair to the less developed nuclear powers France and China. However, nuclear testing by France and China may well trigger nuclear proliferation. That is the main reason I oppose nuclear testing by France and China.

Denuclearized Zones Not Realistic

In a world where there are nondemocratic nuclear powers that can hardly be characterized as having respect for freedom and human rights, the only way to safeguard one's own country's security and freedom is either to have one's own nuclear weapons or be protected by the "nuclear umbrella" of a democratic and friendly nuclear power. I believe it is better to rely on an ally's nuclear deterrence than to have one's own nuclear arms and contribute to the intensification of nuclear proliferation. Therefore, nuclear deterrence is still an effective and suitable policy in the post-Cold War world.

The antinuclear movement in Japan, as typified by Mr. Kenzaburo Oe and Finance Minister Masayoshi Takemura, has ignored the scope of plausible and realistic options and limited itself to clamors for the "grand principle" of "opposing nuclear weapons," although the activists themselves stay cozily in a safety zone. However, the important thing is to recognize man's "original sin," which makes it necessary for him to coexist with nuclear arms, and to start from there to make things a little better. My article in the 23 August issue of YOMIURI SHIMBUN criticizing Mr. Kenzaburo Oe's opposition to French nuclear tests as childish is based on such a line of thinking.

In response to my article, Mr. Oe wrote in the 4 September issue of ASAHI SHIMBUN that my views on the "nuclear umbrella" are a sign of "intellectual lethargy" and are "old-fashioned." The basis of his argument is the position taken by George Kennan, the architect of the containment strategy against the Soviet Union during the early phase of the Cold War, that the "complete denuclearlization" of Central Europe, including Germany, and North Europe has become realistic.

Regardless of the validity of Kennan's theory, his idea of denuclearized zones is limited to that part of Europe where no nuclear nation exists. Even the European nuclear powers, the UK, France, and Russia, not to mention the United States and China, are not part of this denuclearized zone. To use a restricted regional denuclearization proposal as a basis for criticizing nuclear deterrence in general, amounts to — to use a strong term — deception.

If a denuclearized zone is to be built in East Asia, it goes without saying that it will have to include China and the Russian Far East. However, it is practically impossible that Russia and China will agree to such a proposal. Furthermore, there are a number of Asian countries, such as North Korea, India, and Pakistan, that are justifiably suspected of developing nuclear arms. The intellectual lethargy of Mr. Oe, who ignores such grim reality and chooses to preach the possibility of denuclearization and criticize nuclear deterrence as anachronistic, is appalling.

Mr. Oe also asserts that Japan's criticism of China is invalid because it has not apologized and given sufficient compensation to China (YOMIURI SHIMBUN, 21 August). If he believes that once Japan apologizes and provides enough compensation, China will stop its nuclear tests and suppression of human rights, I am simply speechless in the face of such naivete.

Criticism of China Noteworthy

It is also intellectual dishonesty to disregard the difference between French and Chinese nuclear testing. I am opposed to nuclear tests by both countries. However, the French have been open about the tests and have also remained open to criticism. President Jacques Chirac included the resumption of nuclear testing in his electoral commitments and announced the nuclear tests prior to their execution. He invited members of the media and allowed protest movements in his own country.

In contrast, China veils its tests in secrecy and does not allow any form of protest. To that extent, an oppressive and secretive government is unreliable. Therefore, if one opposes French nuclear testing, he must oppose Chinese nuclear tests even more strongly. Otherwise, it will mean dishonesty and inconsistency.

As a matter of fact, the antinuclear movement has been unfair in that it has been lenient to communist countries, which openly defy public opinion, and stringent to democratic states, which, at least, allow the freedom to engage in antigovernment movements. I would like to see what attitude Mr. Oe and Finance Minister Takemura will take with regard to China.

Editorial Urges Early Nuclear Test Ban Treaty

OW1109082595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 7 Sep 95 Morning Edition p 2

[Editorial: "Move Up Plan for Conclusion of Nuclear Test Ban Treaty"]

[FBIS Translated Text] Totally ignoring the protests of the international community, France has conducted a nuclear test. This is extremely regrettable. As a result of antagonizing international public opinion, what France has gained from conducting the test is outweighed by what it has lost. We would like President Chirac to know this, first and foremost.

We object to nuclear tests by any country. Our stand does not stem just from the emotionalism of being a nuclear-victim nation, but from the perspective of the security of the entire world. Hardly four months have passed since the nuclear Non-Proliferation Treaty (NPT) was indefinitely extended on the political premise that the Comprehensive Test Ban Treaty (CTBT) would be concluded in 1996. If nuclear nations fail to exercise self-control, that will only embolden other nations which are eager to have their own nuclear arms, and will trigger the proliferation of nuclear arms, which could in turn destabilize the international situation and result in impairing the security of France itself.

As it happens, this year marks the 50th year since the nuclear bombing of Hiroshima and Nagasaki. Campaigns to protest France's nuclear tests have risen to an unexpected level. From Japan, Finance Minister Takemura — who should be busy with the insolvency problem of Kizu Credit Union and Hyogo Bank — went to Tahiti to participate in a protest campaign; though in a personal capacity.

This is a situation that reminds us of the fierce antinuclear campaigns in Europe in the mid-1980's. But at that time the Soviet Union — which wanted to block NATO from taking actions to counter the medium-range SS-20 missiles it had deployed — was said to have been behind the propaganda campaign.

But protest campaigns become less convincing if they are tainted with political intents that have nothing to do with the purpose of the campaigns. If we want to free our campaigns from the suspicion of such tainting, we must make sure we are not using a double standard. Since agreement on the indefinite extension of the NPT, China has conducted two nuclear tests. Japan needs to take a tougher position against China than it does against France.

Nuclear weapons are called weapons of retribution. It is natural that we should support nuclear arms reduction with the goal of totally eliminating the nuclear arms eventually. But on the other hand, we cannot deny the unfortunate fact that the world's stability is maintained by the nuclear deterrent. Even the background to Japan's security ties with the United States is its expectations with regard to the U.S. nuclear deterrent power.

The international community, including Japan, while announcing its objection to nuclear tests by China and France, should also prepare specific scenarios for nuclear arms reduction, by thinking calmly about the meaning of nuclear arms. The following two points, at least, should be noted in doing so:

The first point is that there should be efforts to make the nuclear nations — the United States, Russia, China, the United Kingdom, and France — come to the same negotiating table. Between the United States and Russia a framework of negotiations has existed since the days of the Soviet Union, and the START I and II agreements have been signed. But among the five nuclear nations, there is not even a forum for discussions yet, let alone agreement.

The second point is that the nuclear nations should not wait until the end of the year to sign the CTBT but should conclude it earlier. U.S. President Clinton has shown a positive attitude toward banning nuclear tests, and Japan-U.S. cooperation in that regard should be possible. That might also contribute to opening up a new vista in Japan-U.S. political cooperation.

Preliminary Talks With DPRK To Open in China

OW1509040195 Tokyo ASAHI SHIMBUN in Japanese 15 Sep 95 Morning Edition p 1

[FBIS Translated Text] On 14 September, the government reached an accord with the North Korean Government on holding preliminary talks in Beijing within the month on resuming suspended negotiations on normalizing diplomatic relations between Japan and the DPRK (North Korea). This has been disclosed by a number of senior executives of the ruling coalition parties. Since an accord on resuming normalization talks was reached last March between the ruling coalition party delegation visiting the DPRK (headed by Michio Watanabe, former deputy prime minister and foreign minister) on the one hand and the Workers Party of Korea on the other, no remarkable progress has been made so far. However, it was only recently that North Korea proposed preliminary talks, and the government agreed to the proposal. Moreover, it has become most likely that additional rice aid will be provided to North Korea. In this connection, conditions have now been created for moving toward improving the Japan-DPRK relationship.

The preliminary talks are scheduled to be held between Foreign Ministry officials of the two countries at the deputy-minister [shingikan] level. North Korea has made moves toward improving its foreign relations. For example, it has agreed to hold vice- ministerial talks with the ROK in Beijing in late September, and it has started talks with the United States on setting up liaison offices. Thus, its proposal for holding talks on paving ways for normalizing diplomatic relations is regarded as part of such efforts. As far as Japan is concerned, since Prime Minister Tomiichi Murayama regards the normalization of diplomatic relations as an important task of the cabinet, the government intends to make positive efforts in promoting normalization talks.

At the preparatory meeting, preliminary arrangements will be made for the agenda of the full-scale negotiations. If a full understanding should be reached at this meeting, normalization talks will be resumed as soon as possible. Consultations on additional rice aid will be held simultaneously with the preliminary talks. Moreover, the Japanese Government has decided on providing aid to North Korean flood victims through the United Nations. The government expects that the aid will lead to a favorable turn in Japan-DPRK relations, and create favorable conditions for promoting normalization talks.

Eight rounds of normalization talks were held over the January 1991-November 1992 period. However, the two sides maintained conflicting views on all issues such as basic problems concerning the sphere of North Korea's jurisdiction as well as the validity of the Japan-ROK treaty on annexation [nikkan heigo joyaku]; compensation for past acts; nuclear arms development; and the issue of allowing Japanese wives [married to Koreans] to return to their hometowns. With regard to the nuclear arms development issue, the situation has turned for the better. For instance, an accord has been reached on aid for the plan to shift to light-water reactors by the "Korean Peninsula Energy Development Organization" (KEDO). However, there still remains a big difference in views maintained by the two sides on various other issues.

Taiwan Envoy Urges Li's Invitation to APEC

OW1409151795 Tokyo KYODO in English 1459 GMT 14 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 14 KYODO — A Taiwanese envoy said the Taiwan government will ask the Japanese Government to allow President Li Teng-hui to visit Japan during the Osaka Summit meeting of the Asia-Pacific Economic Cooperation (APEC) forum in November.

Lin Chin-chin, representative of a quasi-governmental office in Tokyo, said at a press meeting that he has not heard of any decision from the Japanese Government although Tokyo reportedly decided not to invite Li to the forum.

Lin said if Tokyo decides not to invite Li to the summit, the decision will cause a reaction, such as a boycotting of the APEC meeting by Taiwan.

Lin also said if Japan takes the initiative to hold a summit meeting between Chinese President Jiang Zemin and Li, the tensions over the Taiwan Strait would be reduced.

APEC Draft Action Plan Disclosed

OW1509061995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 14 Sep 95 Morning Edition p 5

[FBIS Translated Text] A draft action plan concerned with small and medium enterprises has been disclosed. This draft plan will be adopted at a meeting of ministers in charge of smaller businesses from Asia-Pacific Economic Cooperation (APEC) forum member nations. The meeting is scheduled to open in Adelaide, Australia, on 14-15 September.

Included in the action plan which aims at expanding regional cooperation are 11 items on cooperation to be promoted by member nations in connection with five fields such as personnel training and expansion of information access based on an accord reached at the Osaka forum held last November.

Moreover, this draft action plan indicates an understanding that to maintain sustained economic growth in the region, it is important to promote development of medium and small companies.

The plan also points out that in promoting cooperation, priority should be given to five fields: personnel training, expansion of information access, technological exchanges, financial operation, and expansion of market access.

The 11 items listed in the draft are based on proposals made by member nations for promoting cooperation, and Japan intends to provide cooperation in three of the items.

In concrete terms, Japan plans to invite policy-making officials from various member nations to participate in a joint seminar to be held in Osaka this October. Moreover, the government plans to work out an outlook on regional industries and economy, and compile a collection of policies connected with smaller businesses by the end of this year.

Coalition Urges Extra Public Works in Package

OW1409134595 Tokyo KYODO in English
1313 GMT 14 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 14 KYODO — The three-party ruling coalition called Thursday [14 September] for expansion of domestic demand through additional public works spending under a new pump-priming package due out Sept. 20, coalition officials said.

The Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake made the proposal to the government of Prime Minister Tomiichi Murayama, who is also the SDP chief.

The proposed extra public works spending will be used in part for reconstruction work in the Kobe region, which was devastated by the Jan. 17 great Hanshin earthquake, the officials said.

The package also includes measures to stimulate land transactions and aid smaller industries hard hit by the yen's appreciation on the foreign exchange market, the officials said.

The parties failed to agree, however, on easing taxation on land transactions and decided to delay a decision on the question until late this year, when tax reform plans for fiscal 1996 are worked out, the officials said.

Concerning the disposal of bad loans troubling financial institutions, the parties agreed to call for self-help by the institutions and to try to reach a decision soon on using public funds to dispose of the loans, the officials said.

Koichi Kato, chairman of the LDP's Policy Affairs Research Council, indicated to reporters that deficit-covering bonds will be issued to help finance the package.

He also emphasized the need for the continued front-loading of public works projects in the second half of fiscal 1995, which ends next March 31, as part of the package.

Financial Institutions Asked for More Data

OW1409132395 Tokyo KYODO in English
1249 GMT 14 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 14 KYODO — Japanese financial institutions should disclose more information about their finances for better Asset and Liability Management (ALM), the Bank of Japan (BOJ) said in a report published Thursday [14 September].

The ALM, a dynamic business management method developed by U.S. commercial banks, is intended to maximize profits by incorporating forecasts on interest rates, foreign exchange rates and yields, and seeking an optimum balance between assets and liabilities.

The report said Japanese financial institutions should make better use of the ALM against the backdrop of financial liberalization and increasing trading in financial derivatives.

The institutions should better distribute their financial resources, instead of seeking a quantitative expansion and diversifying into various markets as in the past, the report said.

They should disclose more information about their finances and risk management systems in connection with the ALM, it said.

Japanese financial institutions introduced the ALM in the late 1970s.

Japanese Stock Market Situation Viewed

952A0708A Tokyo SHUKAN DAIYAMONDO in Japanese 15 Jul 95 pp 24-28

[Unattributed article: "How Far Is Stock Market Going To Drop?]

[FBIS Translated Text]

A Market Completely Tinged With Bearish Sentiment: Why Does Money Not Flow Into Stocks?

On 3 July, on the morning of which stock prices reached a new record low after the collapse of the bubble economy, the dividend yield for companies listed on part one of the Tokyo Stock Exchange (Nikkei 225 base) became 1 percent. It was actually 40 years since the yield had become the same as the official discount rate. It is a "reverse yield-revolution." The term "yield-revolution" came into vogue around 1955, when yield began to drop below 7 percent.

That year the yield for companies listed on the Tokyo Stock Exchange fell to 7.14 percent, falling below the 7.3 percent of the official discount rate. After that, yield was rarely in the spotlight as a criterion for investment decisions.

It is not yield alone. Even with PBR [price book-value ratio] (stock price divided by per-stock-earnings), which has come to be virtually ignored when stock prices are rising, companies for which the ratio is less than par reach 191 names (based on closing value on 3 July) just among companies listed on part one of the Tokyo Stock Exchange.

A PBR of par means that the break-up value per share of the company's stock is the same as the price of the stock. If it is not purchased even at below par, is it because there is fear that the company will go bankrupt?

"Such things as yield and PBR do not constitute reasons for buying," said a veteran stockbroker as though in derision. There were few inquiries from clients even on the day that prices fell below the lowest since the collapse of the bubble economy. Nor could he get in the mood to contact clients from his side. Because even though stocks were in a state of historic relative cheapness viewed by yield and PBR, one cannot hold great expectations concerning future business conditions and company earnings, so one cannot be convinced that "now is the bottom."

Nor does it mean that we are facing a climax of selling, it merely goes down bit by bit, so there is no feeling that it has struck bottom. "It is a disagreeable market price," said an executive of a securities firm.

"(The Nikkei average of) Y14,000 may be only a point through which the market is passing. By a simple average it has already fallen below the low price of the summer of 1992. If bank stocks, which people are now desperately supporting by buying, descend to the level of the summer of 1992, the average will be Y13,750. But that may not be the bottom..."

Money Converges on Postal Savings Accounts, Bonds, Debentures, and Calls

If we exclude overseas investors, those participating in the stock market are all tinged with bearish sentiment. That is obvious if we look at the flow of money this past April and May.

In these two months, postal savings accounts grew by Y2.2732 trillion, calls (short-term capital market) grew by Y1.7096 trillion, and in net trading of bonds and debentures (such as government bonds) also, buying exceeded selling by Y3.4912 trillion.

The yield on bellwether government bonds is about 2.6 percent, but the interest on (six-month) fixed-amount deposit accounts is 0.95 percent and the interest on unsecured next-day calls is about 1.3 percent, so it is certainly not high compared with the yield from stocks.

Nevertheless, money does not flow into stocks. The excess of buying over selling of stock in these two months was only Y15.7 billion.

Let us look at the trend separately for each investor.

As stated above, in these two months more than Y2 trillion of money from individuals, who possess financial assets of almost Y1000 trillion, flowed into postal savings accounts. In bonds and debentures buying exceeded selling by Y136.0 billion, but conversely, in stocks selling exceeded buying by Y58.1 billion.

"Money of individuals that has come to stocks is all in such fast-moving items as over-the-counter stock and materials stock. Separation from stocks has not ended," (executive of a major securities firm).

Buying of stocks by investment trust circles is exceeding selling by Y143.5 billion, but that is because there was establishment of the (Nikkei 300 investment trust) (subscription of approximately Y360.0 billion), which made its appearance in May with great fanfare. From January of this year to the middle of June, selling of stocks exceeded buying by over Y200.0 billion. Meanwhile, the excess of selling over buying of bonds and debentures has reached all of Y1.3863 trillion.

In December 1989, which was in the peak period of the bubble economy, the balance of the security investment trusts operated by Daiwa Security Investment Trusts was Y8.8300 trillion. Of that, stock investment trusts were Y6.5600 trillion and bond and debenture investment trusts (such as MMF [money market funds]) were Y2.2700 trillion.

At the end of this May the balance had declined to approximately Y7 trillion. Stock investment trusts had declined drastically to Y2.2000 trillion; conversely, bond and debenture investment trusts had grown to Y4.8000 trillion.

"Regrettably, the assets of some stock investment trusts have shrunk to one-half. On the other hand, with such bond and debenture investment trusts as MMF, the principal is guaranteed and the yield is also almost 2 percent, so in terms of result it is a tolerable level. Clients have become quite sensitive to risk, so money does not gather to stock investment trusts," (Managing Director Yoshiaki Mitsuoka of Daiwa Securities Investment Trust).

Furthermore, even in stock investment trusts, spot type ones are reducing considerably the proportion of stock in their operation, and increasing the proportion of short-term bonds and calls. It means that money does not come to stocks.

What about operation of pensions? We asked Managing Director Kenji Wada of Nikko International Investment Consulting. "The stock share of pension operation has declined to 17 percent from last year's 22 percent, but there is no plan to reduce it beyond this. We are now in the process of ascertaining when to increase Japanese stock. Anyhow, the supply-demand relationship is bad. If selling by the people who diligently come to sell stops, they will buy."

Life Insurance Companies Which Sell Stock in Order To Protect Themselves

"The people who diligently come to sell" refers to life insurance companies. The biggest sellers of stock this April and May were life insurance companies. In these two months alone, selling exceeded buying by all of Y486.5 billion (including some some nonlife insurance companies).

I asked the person in charge of a certain life insurance company: "Are you not cutting your own throat by selling stock?"

Because if the price of stock declines, it will end up producing latent loss, not to mention eliminating latent profit, so the burden will become greater in order to charge off that loss. The more you sell the more the stock-price declines, so one cannot avoid a painful settlement of accounts later. But his reply was completely opposite.

He said "Life insurance companies are selling to protect themselves." The explanation of the person in charge, who said "Life insurance companies were scared by the drop in stock prices in March," is like this.

Life insurance companies are collecting premiums from policy-holders at a predetermined discount rate called the estimated rate of interest. That is, they are guaranteeing a fixed rate of interest throughout the term of the contract.

In contrast to the cost averaging about 5 percent, the working yield for FY94 is about 3 percent. It is a back spread of about 2 percent. For a company with assets of Y20 trillion, it comes to Y400 billion.

Up till now life insurance companies were disgorging latent profit of stocks in order to make up for that back spread.

However, because of the fall in stock prices at the end of the fiscal year, not only did the latent profit hit bottom, but also there appeared cases in which the price fell below original cost, so companies were forced to charge off latent loss. Among them were some for which the true situation of the FY94 settlement of accounts was one in which, in great difficulty, they somehow made ends meet by doing such things as selling real estate or changing the method of reserving the liability reserve fund. Even so, out of the entire industry seven firms were unable to make up for the appraisal loss, and came out to have ordinary deficits.

According to a survey by the Daiwa Research Institute, the latent profit on stock for eight major life insurance companies was approximately Y4.6000 trillion, a decline of 58 percent compared with the previous year. It was a level one-tenth that of the Y45 trillion of FY88, when latent profit reached its peak.

Incidentally, at the level of a Nikkei average of Y14,300 the latent stock-profit of the eight major life insurance firms withers to Y1.0297 trillion, and for those other than Nippon Life Insurance Co., The Meiji Mutual Life Insurance Co. and The Dai-Ichi Mutual Life Insurance Co., latent profit disappears completely. Because the market value of stocks fell below the original cost, the stocks themselves became bad assets.

"Life Insurance Companies' Excess of Selling Over Buying in the Current Fiscal Year Will be Y2 Trillion"

Meanwhile, it has become clear that the smaller the share of stocks in the makeup of life insurance company investment assets, and the larger the share of bonds and debentures (such as government bonds), the higher their investment yield.

For example, in contrast to the fact that the investment yield for Daido Mutual Life Insurance Co., whose stock-share is 10.1 percent and whose bond-share is 32.6 percent, is 2.75 percent on a real base which excludes profit or loss from sale of stock, real investment yield for Asahi Mutual Life Insurance Co., for which stock is 22.1 percent and bonds and debentures are 10.0 percent, is only 1.46 percent.

The yield on stock is about 1 percent, so there is a difference of almost 2 percent with bonds and debentures. Therefore, it cannot be helped if companies sell stock, which has a higher risk of falling in price, and buy bonds and debentures, if they judge that the price of stock will not rise.

Stock has latent profit, so it is fine for companies that can take risks, but companies for which cannot take risks cannot help selling stock. Life insurance companies were called the leading stockholders of the Japanese economy, but they do not have the leeway to give consideration to the entire stock market.

The solvency margin (surplus money to pay beyond the responsibility reserve) which will be introduced next year on the occasion of revising the Insurance Industry

Law, is also influencing the investment posture of life insurance companies.

This is something similar to the BIS [Bank of International Settlements] regulations for banks (regulations on the ratio of equity capital); one calculates it with risk-assets as the denominator, and internal reserves and latent profit of securities as the numerator.

In the risk-asset denominator, 15 percent of the price of held stock is taken to be risk, but with government bonds and so on there is no risk if held to maturity, so it is zero.

In other words, if stock does not generate latent profit, it works out that bonds are also better than stock for the purpose of improving the solvency-margin ratio.

But this does not mean that all life insurance companies are selling simultaneously. There are, of course, some life insurance companies which are buying more than selling. It is said on the stock market that "Sumitomo Life Insurance Company's selling exceeded its buying by Y300 billion, and that The Chiyoda Mutual Life Insurance Company's selling exceeded its buying by Y60-Y70 billion."

Sumitomo Life says "no comment," but if Y300 billion is true, the listing of the "Nikkei 300 Securities Investment Trust", which made its appearance as the savior of stagnant stock prices, became a suitable selling venue for life insurance companies.

Major life insurance companies are trying to spend about five years in lowering their stock share from the current 20 percent to about 15 percent. Of course their assets as a whole will go on growing, so it does not mean that a 5 percent portion will be sold, but there is no doubt that it is a major latent selling-pressure.

Senior Researcher Haruyoshi Mabuchi of the Nikko Research Center, which gathered data on life insurance companies' increasing assets and investment plans, analyzes it this way.

"Selling by life insurance companies declined in June, but by rough calculation I judge that they will sell about Y2 trillion in the current fiscal year."

Business Corporations Which Accelerate Selling Out

The trend to sell out stock holdings is not limited to life insurance companies, it has also spread among listed companies. Until now most of it was "(profit generation)," in which stock was sold with the condition of buying it back, but because of making up deficits and raising the money for restructuring, it has changed to selling out.

It was also almost all selling out for a certain major trading company that produced an over Y10 billion profit on sales in the March 1995 period. It was for the purpose of making up the liquidation loss for specified money in trust and fund trusts which expanded in the time of the bubble economy.

The balance of this trading company's specified money in trust and fund trusts is still almost Y100 billion. It waited, placing its hopes on voices which said: "stocks will also rise soon," and ended up losing the proper timing for liquidation. If stock prices decline after this, not only will latent loss increase further, the interest-burden from funds borrowed for the specified money in trust and fund trusts will also be more than Y3 billion per year. Therefore, it wants to liquidate quickly while interest is low.

The person in charge of this trading company, who is hastening to free it from (management of securities-investments outside its main business) says: "We cannot meet expenses completely by just disposal of real estate and the profit from our main business, so it seems likely that we will produce a minimum annual profit on sale of stock of about Y10 billion for three or four more years."

Nissan Motor Co., Ltd., which produced an ordinary deficit of Y61 billion in the March 1995 period, also sold Y50 billion of stock at the market price as a measure for settling accounts. The original cost was Y15 billion, so the sale-profit was about Y35 billion. Y30 billion of that sale-profit was from bank stock. Because the acquisition price was low and the rate of latent profit was still almost as much as 80 percent. The person in charge said flatly: "There is no plan to buy the stock back."

Nissan Motor Co. is planning for a profit of about Y20 billion from sale of stock in the current period also. Naturally, they will dispose of stock beginning with bank stock which has latent profit.

The steadily progressing trend of ending the practice of reciprocal holding of stock is also weighing heavily on the stock market as a cause of deteriorating supply and demand.

Absorbing Surplus Stock by Buying the Stock of One's Own Company

Investment Research Department Chief Hideaki Akimoto of the Daiwa Research Institute proposes purchasing of the stock of one's own company as a means of absorbing deterioration of supply and demand because of the ending of reciprocal holding of stock and the failure of life insurance companies' management of securities-investment outside their main business.

If we assume that the ratio of stock holdings to the total assets of banks, life insurance companies and business corporations will return to the level prior to the birth of the bubble economy, the rate of reciprocal holding of stock will decline from the current 39 percent to 30 percent, so approximately Y40 trillion will become surplus stock. At present there are no investors who can absorb this much surplus stock.

But according to Akimoto, the profit of listed companies which can be used as dividends, which is the basic fund for buying the stock of one's own company, will be Y51 trillion at the end of FY 94; of the cash needed there are Y37 trillion in cash and bank accounts, and among liquid assets there are Y11 trillion in stock and Y6 trillion in bonds, so would be possible to absorb surplus stock by redeeming one's own company's stock, without investing the cash flow of one's main business.

If companies redeemed their own stock with the entire Y51 trillion, the ROE (stockholder return on equity) of listed companies would improve from 3 percent to 6 percent. The rate of equity capital would decline, but the real rate of equity capital, in which the hidden assets of land and stock were reassessed, would be able to maintain a level of 30 percent.

"In spite of the fact that the yield is at a good level, one cannot expect profit from rising prices, so money does not go to stocks. In order to persuade money to come in, it is necessary to raise the ROE, and the quickest way is to liquidate surplus stock," (Akimoto).

The outlook is that the first company to redeem its own stock will be Toyota Motor Corporation, the company of the chairman of Keidanren, which was demanding abolition of "taxation of quasi-dividends," but a resolution at a regular stockholder's meeting is necessary, so it seems likely that it will be carried out next year or later. Regrettably, a recovery of the stock market cannot be a quick remedy.

If we list items which persons related to the market point out as things with immediate efficacy:

(1) To compile a secondary supplementary budget on the scale of Y10 trillion made up of "fresh water" which excludes diluted parts which use government investment and loans. Moreover, to increase allocation to information infrastructure and so on.

(2) After having made clear that disclosure of information is a thorough responsibility of management, introduce public funds for disposition of bad loans.

(3) Take another look at the system of land tax, such as the tax on the price of land and taxation of transfer of land, and attempt to make real estate fluid.

On 27 June, when the government's emergency economic measures were announced, the content was not concrete, so the Nikkei average became Y386 less than the previous day. The market is calling for the government to produce a policy that will do away with structural problems.

But there are actually few concerned persons who expect that from the government. The worst-case scenario which they depict is one in which a policy appears belatedly after stock prices have tumbled.

Interim Report on Failed Banks, Housing Lenders

OW1509055295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 13 Sep 95 Morning Edition p 9

[FBIS Translated Text] The interim report of the Financial System Research Committee [FSRC] (advisory body to the finance minister) on the liquidation of failed banking institutions is likely to designate measures to "prevent" bankruptcies and prompt liquidation as its key topics in view of the recent failure of the Cosmo Credit Union, the Kizu Credit Union, and the Bank of Hyogo.

There has been an outcry not only in Japan, but also overseas, over the financial authorities' slowness in dealing with the problem. The report aims to put a stop to the spreading financial instability.

However, it is very likely that conclusions on the focal issues of how to dispose of the housing loan companies [jusen] and concrete plans for introducing public funds will be deferred because of the political issues involved.

The FSRC created two working groups on the deposit insurance system and cooperative financial institutions, which have been working very hard. The FSRC wants to identify the necessary amendments to the Deposit Insurance Law and other related legal statutes and to start work on this soon. After such issues are dealt with, it will brace up for deliberations for the main issues of introducing public funds and how to dispose of jusen.

Although the Ministry of Finance [MOF] regards the interim report as "merely a progress report," the report may well become a "basis of discussion" for deliberations on public funds and jusen at the extraordinary Diet session starting by the end of September.

However, the truth is, it would be difficult for FSRC deliberations to come up with a conclusion on jusen and concrete plans to introduce public funds under the circumstances. Both the parent banks that created jusen, including the city banks, and banking institutions affiliated with the agricultural cooperatives, which lent heavily to jusen, are trying very hard to shove the losses that will derive from the disposal of jusen on the other side.

Furthermore, political maneuverings are underway. For example, lobbying for the position of the agricultural banking institutions, "agriculture, forestry, and fisheries zoku" Diet members have become increasingly vocal in blaming the parent banks and the MOF.

Findings from investigations into jusen can barely meet the interim report's deadline. Therefore, it will be quite difficult for FSRC discussions to come up with conclusions on the disposal of jusen by the end of this month. For this reason, the interim report is likely to just note both the position of the parent banks and that of the agricultural banking institutions.

BOJ Reserves To Support Failed Institutions

OW1309114195 Tokyo KYODO in English
1119 GMT 13 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 13 KYODO — The Bank of Japan (BOJ) will build up tens of billions of yen in loan loss reserves against huge lending being undertaken to liquidate bad loans at three recently failed financial institutions, BOJ sources said Wednesday [13 September].

The step is intended to ensure the soundness of the central bank's coffers, which will be shaken if disposal schemes for the three entities become abortive, the sources said.

The Bank of Japan will book the reserves into the April-September first half of the current fiscal year, the sources said.

The central bank has extended a total of some 600 billion yen in unsecured loans under Article 25 of the Bank of Japan law for separate disposal schemes for the three entities — Cosmo Credit Corp., Kizu Credit Union and Hyogo Bank.

The schemes' framework will be in trouble if the local governments and commercial banks concerned refuse to cooperate, making it impossible for the central bank to recover the loans.

Cosmo went under in early August and Kizu and Hyogo Bank later that month.

The Bank of Japan will dip into its net profit, which equals the pretax profit at a typical commercial bank, to raise funds for the loan loss reserves, the sources said.

It built up reserves against loans extended under Article 25 in 1965, when the brokerage industry was struggling.

Special Tax Cut To Continue Into FY96

OW1509070595 Tokyo SANKEI SHIMBUN
in Japanese 12 Sep 95 Morning Edition p 1

[FBIS Translated Text] To stimulate sluggish personal consumption, it has been decided that a special tax cut amounting to 2 trillion yen, applied to income and individual residential taxes, will continue into the next fiscal year. This will be discussed when the government's Tax Commission (advisory body to the prime minister) and the ruling parties' tax reform project team (the ruling parties' tax commission) reconvene on 12 September, and a formal decision will be made by the end of 1995.

This means that the income and residential tax cut will be implemented for three consecutive years. Amid the tight financial situation, the government will then have to take more steps to reduce expenditures and stimulate the economy to increase revenue income.

The government decided to continue the special reduction of income and residential taxes in FY96 because of its desire to expand personal consumption through tax cuts, in the hope that this will serve to bring the sluggish economy back on the trail of recovery.

In the monthly economic report issued on 11 September, the government backed off from characterizing the economy as "basically recovering" to "moving weakly." As part of "continuous economic stimulation measures" (according to Finance Minister Masayoshi Takemura), which include the pump-priming package to be announced on 20 September and the second supplementary budget for the current fiscal year amounting to 10 trillion yen, the government will clearly demonstrate its concern about the sluggish economy in the taxation aspect.

With regard to the size of the tax cut, the business sector has been asking for 3 trillion yen. The government Tax Commission and the ruling parties' tax team will make a formal decision on the scale of tax cut later.

The decision to implement a special reduction on income and residential taxes for FY95 was made on the premise that "the consumption tax rate will be raised from the present 3 percent to 5 percent in FY97." The tax cut was to be implemented together with a "systemic tax cut" worth 3.5 trillion yen through a revision of the taxation structure. At that time, it was also decided that the special tax cut would continue into FY96, but if the economy recovers, this decision would be reviewed.

However, the economy had not progressed much since then, thus, the decision to continue the tax cut.

At an informal meeting with Rengo [Japanese Trade Union Confederation] officials in August, Takemura said, "It [the tax cut] will probably have to continue under the present economic conditions." He indicated that the tax cut will continue into FY96.

Also, in an interview with SANKEI SHIMBUN, Tax Commission Chairman Hiroshi Kato said, "I think a certain extent of income tax reduction is necessary." He indicated toleration of the continuation of the special tax cut.

MOL Eying Support for Small Firms' Ventures

OW1409112595 Tokyo KYODO in English
1014 GMT 14 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 14 KYODO — The Ministry of Labor [MOL] has drafted employment security measures, including subsidies for smaller businesses' new ventures, for inclusion in an economic stimulus package to be adopted by the government later this month, officials said Thursday [14 September].

The ministry hopes that smaller companies can help improve the worsening employment situation by starting new ventures and creating jobs, the officials said.

They also said the ministry plans to move forward the provision of subsidies to industry organizations' programs to train workers for new operations.

Among other measures, the ministry envisages lowering the age limit on its vocational training program for the jobless to 45 from the current 55, the officials said.

The ministry hopes to put the measures into practice by the end of fiscal 1995, which ends next March, they added.

Support Rate for Murayama Cabinet Declining

OW1509055095 Tokyo ASAHI SHIMBUN
in Japanese 12 Sep 95 Morning Edition p 1

[FBIS Translated Text] A nationwide poll by ASAHI SHIMBUN has found that the support rate for the Murayama cabinet has declined to 34 percent, while the disapproval rate has risen to 45 percent, the highest ever. This is the lowest approval rating since ASAHI SHIMBUN began surveying public support of the administration last July. The recent poll was conducted on 9-10 September by interviewing pollees. oF THOSE surveyed, 56 percent hoped for a new administration while 31 percent expected that the coalition government's present framework should be maintained. The results reflect people's severe view of the Murayama cabinet. The survey also found that a majority of the pollees wanted the next general election to be held before next spring.

This is the seventh ASAHI SHIMBUN poll on public support of the Murayama administration. In the first survey conducted last July, immediately after the Murayama government was inaugurated, the cabinet gained a 35-percent support rate and a 44-percent disapproval rate. In subsequent polls, except the March 1995 one, those who support the Murayama cabinet outnumbered those who do not. Although the support rate for the cabinet stood at 42 percent in the last poll conducted in June, just before the House of Councillors election, it declined to 34 percent in the latest survey. Meanwhile, the disapproval rate increased to 45 percent from June's 39 percent.

The support rate for the cabinet among ruling coalition advocates also declined from the June survey. Thirty-six percent of Liberal Democratic Party [LDP] supporters approved of the cabinet while 42 percent disapproved. This is the first time in 14 months that LDP advocates' disapproval rate exceeded their approval rate. The support rate among Social Democratic Party of Japan [SDPJ] advocates is still high, with 64 percent of them supporting the Murayama cabinet. Meanwhile, Sakigake [Harbinger] advocates' disapproval rate exceeded its approval rate for the first time.

Although women's support increased to 42 percent in the last poll, the rate declined to 31 percent in the recent survey.

The percentage of those who said they do not support the Murayama government because of its "policies" surged to 17 percent from 13 percent. Also, 27 percent criticized the cabinet's "pump-priming measures" as "improper." Asked what they are most concerned about at present, 36 percent said they are concerned about "economic conditions." The rate is the largest compared to those for other answers.

People's dissatisfaction with the current state of the economy, which has been in the doldrums and has shown no signs of recovery, appear to be behind their severe attitude toward the Murayama administration.

The percentage of those who hoped for a "new government" to replace the present ruling coalition increased to 56 percent from June's 50 percent. In particular, the rate was as high as 80 percent among those who support the opposition New Frontier Party [NFP], which won a greater number of seats in the July upper house election. It was 50 percent among LDP supporters, an increase from 43 percent in June.

Asked when they want the next general election to be held, 25 percent hoped "within the year," 26 percent claimed "by next spring," and 41 percent said, "There is no hurry about it." Forty-eight percent of LDP advocates demanded that the general election be held by spring of next year, while 43 percent noted, "There is no hurry." A majority of SDPJ supporters was negative about the idea of holding the general election before next spring, with 54 percent noting that "there is no hurry." Meanwhile, 36 percent of NFP supporters hoped the election would be held "within the year," 33 percent "before next spring," and 28 percent said, "There is no hurry."

LDP Presidential Candidates Interviewed

OW1509011195 Tokyo NHK General Television Network in Japanese 1013 GMT 12 Sep 95

[Recorded interview with Ryutaro Hashimoto, international trade and industry minister, and Junichiro Koizumi, former posts and telecommunications minister, on the afternoon of 10 September by NHK newscaster Miyuki Morita and political reporter Hideo Kageyama at an NHK studio; Hashimoto and Koizumi speak from unidentified, different rooms; from "NHK News 7" program]

[FBIS Translated Text] [Morita] Mr. Hashimoto and Mr. Koizumi, thank you very much for joining the program. First, let me begin with Mr. Koizumi. Mr. Kono gave up running for president, and it now seems that the situation is favorable to Mr. Hashimoto. Given this trend, you have decided to run in the presidential election, sticking to the significance of holding election debates. What is the significance of this Liberal Democratic Party [LDP] presidential election and to what would you like to appeal in the campaign?

[Koizumi] There are many party members and parliamentarians who would like to revitalize our party, and I believe that my candidacy was part of such an effort by holding the election. I believe I am an LDP parliamentarian who can debate and propose ideas in a manner that is different from ordinary LDP dietmen. I think that those who support my running for the presidency want to make the election successful although they do not agree with my views, and they hope that I will bring out issues that are considered taboo and believe that hearing different views will lead to promoting policy arguments. This is the major factor that made me file my candidacy for the election.

[Morita] Thank you. Well, Mr. Hashimoto, the LDP presidential election will be held with Mr. Koizumi filing his candidacy. What do you think and to what do you want to appeal during the election campaign?

[Hashimoto] I am very glad that Mr. Koizumi is standing as a candidate. Since yesterday, we have been carrying out discussions and debates at various places on many occasions. I believe that this debate is refreshing, and it is drawing public attention to politics and political parties. I believe that, through these debates, we can once more regain the confidence of the people toward the LDP. The reason I announced my candidacy as a challenger to this presidency is to regain confidence in the current situation wherein prospects for the future are said to be unclear and many people have doubts about the future by making all-out efforts to achieve goals, including the reconstruction of the economic condition and the regaining of public confidence. Mr. Koizumi is a very strong candidate, and he and I are fighting for the presidency with all our might.

[Kageyama] Now, Mr. Koizumi, I would to ask about your policies. You are proposing the privatization of postal and related operations undertaken by the Posts and Telecommunications Ministry, but most of your supporters are against this idea. Therefore, is not your proposal a minority opinion in the party?

[Koizumi] Yes, it is completely a minority opinion.

[Kageyama] Why are you proposing this then?

[Koizumi] This is a minority opinion, but I believe that minority opinions in the LDP are not always minority opinions in the country at large. My opinion may be a minority opinion among the parliamentarians, but I am sure it will be the majority opinion among the Japanese people.

[Kageyama] Although you criticize the current post-saving system, you should also criticize current conditions of banking institutions, do not you think so?

[Koizumi] It is a problem to link my view with such a banking issue. If the postal savings, postal life insurance, and other services that have been protected by the government become privatized, banking institutions will have to change their own characteristics. They will be required to compete in the open market. In a sense, I think the financial institutions are threatened by the possible privatization of certain postal services. Further debates will make it clear that this is not simply a fight between the private and postal saving sectors.

[Morita] Mr. Hashimoto, as part of administrative reform, you do not think the issue of privatizing postal services and related operations is important, do you?

[Hashimoto] I have never said so. If you have such a misunderstanding, I want to correct you. I greatly respect Mr. Koizumi's opinion as one of many opinions, but I have some doubts whether all postal services can be privatized. For example, in my constituency, we have many hilly and mountainous areas, and there are isolated islands like Setouchi. In addition, there are places where no financial institutions are established.

When I consider such a fact, I cannot always agree with Mr. Koizumi's idea although I have been saying his view is one of many opinions. Administrative reform should basically be carried out for all sectors, including postal services. We should try to see what are the roles of the government and private sector. My view is that certain government roles should be played by the local governments as much as possible while the local governments make efforts to gain power to play such roles. I want to hold debates with such a view in mind.

[Morita] Yesterday's news conference showed clear differences in views. As for how to get along with the coalition partners. Mr. Koizumi, you said you would not hesitate to leave the coalition if the coalition partners reject certain LDP policies. What kind of policies do you mean?

[Koizumi] Unless the situation comes wherein an administrative and financial reform program, which I am proposing, can be regarded as LDP policy, we cannot leave the coalition. I believe that this is necessary to gain the support of the majority of Japanese people. In the next elections, we have to keep not only the support of our party members but regain the support of other people. If I fail in this election, it will mean that my proposal has been rejected or defeated, and at that point, it will be very dangerous for the LDP to leave the coalition.

[Kageyama] Mr. Koizumi, I see some Social Democratic Party of Japan [SDPJ] members said you changed your opinion from supporting the Murayama cabinet to not hesitating to leave the coalition. However, judging from what you have just said, I understand that you think it is difficult to secede from the coalition for the time being. Is that correct?

[Koizumi] Yes, the majority of LDP members will probably not accept my drastic reform plan, which may cause upheaval in the LDP. I am of the opinion that under such a situation, if my plan is rejected, the majority of the Japanese people will not support the LDP. For that reason, I think it would take much more time to propose full-fledged economic measures and administrative and financial reform plans that are completely different from those carried out in the past.

[Kageyama] Now, let me ask Mr. Hashimoto. You reportedly said in yesterday's news conference that the coalition should be kept for the time being. However, in fact, as a presidential candidate, you are aiming at achieving one-party rule by the LDP through the next general elections, are you not?

[Hashimoto] I think that is a strange question. I am a cabinet member of the coalition government. There is the fact that the LDP failed to win the majority of seats in the lower house in the last election. With this as background, the LDP decided to come to the negotiating table to seek the possible formation of a coalition with the SDPJ and Sakigake, and the LDP eventually agreed to form the coalition. However, since we are political parties, each coalition partner has its own ideals and policies, and the people will judge their policies some day. In this sense, in preparation for the elections, it is a matter of course for the LDP to make all-out efforts to win the majority of the people's understanding of its policies.

[Kageyama] The current coalition government is formed based on the coalition agreement, including a policy of taking a cautious position on gaining permanent UN [Security Council] membership. Mr. Koizumi, if you become LDP president, do you think this agreement should be reviewed?

[Koizumi] If I am elected party president, I will have a total review of this agreement.

[Kageyama] How about you Mr. Hashimoto?

[Hashimoto] Representatives of the other two coalition partners said if Mr. Kono will no longer be president and Hashimoto takes over the post, they would approach me and reconfirm or discuss the agreement with me. Of course, when I become president, I will discuss the matter with the other coalition partners with the majority of views of the LDP members in mind.

[Kageyama] Let me ask about LDP affairs. Mr. Koizumi, you said that some members cannot say what they want to say because of the influence of certain forces and it is not good. Could you elaborate on this?

[Koizumi] Yes, there is a certain strong force, like Keisei- kai, a dismantled faction, which used to control the LDP. It is not desirable to see a situation wherein a certain influential force manages the party and controls some members who counterargue LDP policies by removing them from important posts. If there is a mainstream force in the LDP, we need to have healthy, opponent, and rival forces against the mainstream, and creating those rival forces will lead to revitalizing the party. In the LDP, members of the former Obuchi faction, to which Mr. Hashimoto belonged, get united, and other factions are falling in line with the main faction or the strongest faction. I believe this kind of trend is endangering the party. I have doubts about the current situation dominated by the mainstream and think we should change the situation so that nonmainstream members will not be controlled by the dominant force. Some people said I have announced my candidacy because there is no hope of winning. However, I think whether I win or lose, it is necessary to create a rival force criticizing the mainstream and to debate various issues considered taboo. To create that kind of atmosphere is necessary for the LDP's future.

[Morita] Mr. Hashimoto, how do you accept this criticism by Mr. Koizumi?

[Hashimoto] Mr. Koizumi, when I announced my candidacy on 21 August, there was no guarantee that I would win the election. Please recognize this. You know that I have never tried to prevent you from running in the election.

[Koizumi] Yes, Mr. Hashimoto, you have always understood what I was doing.

[Hashimoto] So, I do not think there are big differences in views between Mr. Koizumi and myself. I do not know what happened in the process of Mr. Koizumi's decision to run in the election. I think our task is to work together to prevent a certain force controlling the party.

[Koizumi] Yes, I agree. That is also my task. I believe that, after the election, Mr. Hashimoto's supporters and my supporters should work together; otherwise the party will lose in the next elections.

[Morita] Thank you very much, Mr. Hashimoto and Mr. Koizumi.

Media Discuss LDP Presidential Race

95P30158A Tokyo YOMIURI SHIMBUN in Japanese 10-12 Sep 95 p 2

[FBIS Editorial Report] Articles in the 11 and 12 September YOMIURI SHIMBUN welcomed former Postal and Telecommunications Minister Junichiro Koizumi's entry into the LDP presidential election. Koizumi and MITI Minister Ryutaro Hashimoto, who is heavily favored to win the election, officially began a 12-day campaign for the LDP presidency on 10 September. Because all LDP members are allowed to vote in the election, YOMIURI voiced the hope that the race would revitalize not only the LDP itself but also Japanese politics as a whole. Given that the LDP is the largest party in the three-party coalition government and plays a crucial role in Japanese politics, press articles expressed the hope that there would be down-to-earth policy debate during the campaign.

Young LDP Diet members who supported Koizumi's candidacy did so more out of eagerness for an election than for an airing of Koizumi's policy views. They believe a "new" LDP could make itself known during an election campaign, according to the 12 September YOMIURI.

The 10 September YOMIURI, however, claimed that Koizumi had to struggle to get the endorsement of even 30 LDP Diet members, a prerequisite for entering the presidential race, and quoted observers as saying that it is unlikely he can beat Hashimoto. According to the 12 September YOMIURI, Koizumi is a more interesting challenger than Foreign Minister Yohei Kono because Koizumi-Hashimoto debates might generate more public interest than Hashimoto-Kono debates, in spite of the fact that Hashimoto's victory over Koizumi is a foregone conclusion.

The election has drawn attention in part because the Hashimoto-Koizumi race is not a traditional one, wrote the 12 September YOMIURI. Neither of the two were chosen in closed-door negotiations by senior leaders or manipulated by party bosses. LDP Diet members are supporting Koizumi and Hashimoto regardless of their factional affiliations, leaving one senior party member to conclude that "this has been useful because it gives the impression within and outside the party that the LDP factions are truly abolished." Moreover, the two candidates are relatively young and both look younger than their ages. Hashimoto is 58 and Koizumi is 53.

According to the 10 September YOMIURI, the privatization issue will work against Koizumi. There is a strong opposition within the LDP to Koizumi's pet policy of privatizing postal savings and other related operations managed by the Ministry of Post and Telecommunications [MPT]. There is also the fear in the party that his candidacy could add momentum to calls within the party for the rejuvenation of its leadership. Koizumi reportedly made an about-face on the postal savings issue and said he would not ask potential backers to support his position, thus enabling him to gain the endorsement of 30 party members. Opponents of the privatization proposal, including local post office heads and their families, are reported to have put heavy pressure on LDP Diet members to stop Koizumi's bid. Koizumi described the efforts as "nothing but the manifestation of one of our party's worse aspects."

The 12 September YOMIURI claimed that Koizumi's candidacy worries MPT officials who are already nervous about an interim report on the reform of communications giant Nippon Telegraph and Telephone Corporation due out in November. They did not want to see another controversial reform issue raised at this time, particularly by an LDP presidential candidate.

According to the 10 September YOMIURI, Koizumi has come under criticism for sacrificing his most important policy for the sake of securing the support of 30 LDP members to meet the party's election rules. As observers put it, younger LDP members loyal to current LDP

Secretary General Hiroshi Mitsuzuka pushed Koizumi to get in the race. They were motivated by the fear that former Prime Minister Noboru Takeshita's group—now led by Party Vice President Keizo Obuchi—would dominate the party again. The YOMIURI article characterized these fears as narrow-minded and asserted that attempts to block the former Takeshita faction's resurgence can only serve to deepen distrust of the LDP and of politics in general.

The 11 September YOMIURI article urged Japanese politicians to avoid intraparty power struggles, and concentrate instead on government policies and the direction that Japanese politics should take. Although they have much in common, especially with regard to specific policy issues and ideas about the current coalition government, Hashimoto and Koizumi have other strongly differing views. For instance, Hashimoto is opposed to the idea of privatizing postal services and savings. He is also leaning toward Japan's potential bid for a permanent seat on the UN Security Council, while Koizumi is rather cautious and skeptical about this.

Koizumi has taken a hard-line stance on the administration of Prime Minister Tomiichi Murayama, saying that the LDP should not hesitate to leave the ruling coalition if it becomes difficult to have LDP policies accepted by the coalition government. Hashimoto has emphasized redoubling efforts to ensure that LDP policies are better reflected in the government by maintaining the framework of the tripartite coalition.

YOMIURI urged Hashimoto and Koizumi to have in-depth debates on such key issues as the future of the investment and loans program, the postal services, and achieving administrative reform in its entirety. The paper also called for debates on emergency measures to promote the stimulation of the stagnant economy. YOMIURI observed that the LDP's success in drawing people's attention to the 22 September party election will depend on the quality of policy debates in the presidential race.

Meanwhile, the 12 September YOMIURI article reported that the issue of the privatization of postal services was raised during the 11 September television debate between Hashimoto and Koizumi. Hashimoto stumbled for a moment when asked an unexpected question on the issue, and was quoted as supporting the idea of private sector businesses joining public corporations to compete in the market. The article claimed that on this particular day, Koizumi managed to "score a point over Hashimoto."

According to YOMIURI, many see the election as a "game" in which the winner has already been decided even before the game is played because Hashimoto is still expected to be the winner by an overwhelming margin. The 12 September YOMIURI commented, however, that people are paying more attention to the race than first expected because both candidates are seriously engaged in policy debates.

Hashimoto, Koizumi Clash Over Economic Policies

OW1509092395 Tokyo KYODO in English 0852 GMT 15 Sep 95

[FBIS Transcribed Text] Fukuoka, Sept. 15 KYODO — International Trade and Industry Minister Ryutaro Hashimoto and former posts minister Junichiro Koizumi clashed Friday [15 September] over their economic policies ahead of their Sept. 22 showdown for the presidency of the Liberal Democratic Party (LDP).

Stumping in Fukuoka in western Japan, the two LDP presidential candidates demonstrated their different approaches to handling the current economic slump five days after the start of the official election campaign.

Koizumi, the 53-year-old former posts and telecommunications minister, focused his speech on the need to privatize the nation's postal and telecommunications operations as an initial and major step to overhauling the Japanese economy.

He said privatization of the postal and telecom sectors has been taboo in Japanese politics because legislators of the LDP, Prime Minister Tomiichi Murayama's Social Democratic Party and the main opposition Shinshinto (New Frontier Party) have relied on support from workers and their families in those sectors.

"If the current situation continues, Japan will become a debtor state," he warned.

Hashimoto, 58, promised to bring the economy back to a recovery path in one year, saying he wants "to use every means at my disposal." He did not elaborate.

Hashimoto, the odds-on favorite, also said he favors a comprehensive review of both local and national governments, scoffing at Koizumi's emphasis on postal and telecom services.

After the Sept. 22 race, the new LDP president will be formally endorsed at a party convention Sept. 25.

Incumbent president Yohei Kono, who is also foreign minister, said in late August that he would not seek a second two-year term after Hashimoto secured the support of many party members.

Komei Allowing NFP 'Double Party Membership'

OW1509062195 Tokyo NIHON KEIZAI SHIMBUN in Japanese 14 September 95 Morning Edition p 2

[FBIS Translated Text] In connection with the issue of merging Komei and the New Frontier Party [NFP], a top Komei official indicated the party's decision to allow "double party membership," which means its members can also become NFP members in some localities. Since NFP membership has remained at 200,000, Komei took into consideration the fact that many NFP members call for an early merger with Komei to expand the NFP.

If Komei allows party members to have "double party membership," they can be registered as NFP members while keeping their Komei membership. This indicates that the NFP's organizational expansion will become a separate issue from the issue of the merger with Komei.

Komei was formed mainly by local assembly members of the former Komeito who did not join the NFP when Komeito was dissolved.

Table of Parliamentary Strength

OW1509113895 Tokyo KYODO in English 1046 GMT 15 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 15 KYODO — The following is a table of parliamentary strength in both houses of the Diet following the death Friday [15 September] of House of Representatives member Michio Watanabe.

House of Representatives	House of Councillors
ruling coalition	
LDP 209	LDP 111
SDP 64	SDP 39
New Party Sakigake 20	New Party Sakigake 3
opposition	
Shinshinto 169	Heisei Kai 68
JCP 15	JCP 14
Minshu-no-kai 5	Shin Ryokufu-kai 5
New Democratic Club 3	Niin Club 4
Independent Club 3	Citizen Peace 2
Independents 11	Independents 6
Vacancies 12	Vacancies 0
Total 511	252

Note: LDP is the Liberal Democratic Party, SDP is the Social Democratic Party and JCP is the Japanese Communist Party.

Mongolia

Turkish President Meets With Ochirbat, Officials

TA1209152095 Ankara TRT Television Network in Turkish 1200 GMT 12 Sep 95

[Report by Ertugrul Bulent Danaci in Ulaanbaatar]

[FBIS Translated Excerpt] President Suleyman Demirel met with Mongolian President Ochirbat today. Later, official talks were held between the delegations of the two countries, headed by the respective presidents.

Demirel also separately received Prime Minister Jasray and Bagabandi, chairman of the State Great People's Hural.

According to a statement issued after the meetings, Mongolian Prime Minister Jasray said that President Demirel's historic visit to Mongolia will enable the two countries to get to know each other better and to develop relations in every field. Jasray said that what is to be done now is to implement the decisions.

Bagabandi said at his meeting with Demirel that Mongolia wants its cooperation with Turkey to develop fast, and that for this reason, a Mongolian-Turkish Friendship Group has been set up in parliament.

According to the statement, at both meetings Demirel said that his visit will add renewed momentum to the bilateral relations that have been developing for the past five years. He pointed out that Turkey supports Mongolia's transition to democracy and the free market economy. He stressed that Mongolia can trust Turkey to cooperate with it in foreign policy.

Demirel said that Mongolia has many friends in the world, but that its best friend is Turkey. [passage omitted]

Accords Signed

TA1209191595 Ankara TRT Television Network in Turkish 1500 GMT 12 Sep 95

[Video report by Ertugrul Bulent Danaci in Ulaanbaatar]

[FBIS Translated Excerpt] [passage omitted] Various agreements envisioning cooperation between Turkey and Mongolia have been signed at the state palace here. President Demirel and Mongolian President Ochirbat signed an agreement on friendly relations and cooperation. Foreign Minister Erdal Inonu and his Mongolian counterpart signed an agreement preventing double taxation. State Minister Ayvaz Gokdemir signed a Turkish-Mongolian tourism cooperation agreement and a cultural exchange program.

After the signing ceremony, Demirel and Ochirbat held a joint news conference. The Mongolian president pointed out that the visit contributed to the development of bilateral relations and that they had the opportunity to meet at the highest level.

President Demirel said that during the visit he was received with great interest and that he held fruitful talks. He pointed out that because of the great geographical distance between them, Turkey and Mongolia could not establish serious relations until five years ago. He said: I believe that this visit will open a new page in our relations and cooperation.

Demirel recalled that Mongolia is in the process of a transition to a free market economy, and stressed that Turkey is ready to extend support to that country in every field in order to develop bilateral relations.

Replying to a question, Demirel said that Turkey plans to open an embassy in Ulaanbaatar in 1996.

The Mongolian president explained that the reason Mongolia had not opened an embassy in Ankara until now is economic, and that Mongolia will open an embassy there as soon as possible.

Demirel then attended a dinner given in his honor by Ochirbat. In a dinner toast, Demirel said that, similarly to many other countries, in recent years Mongolia opened a new page in its history and succeeded in keeping its economy standing. He stressed that Turkey attaches great importance to developing its economic, commercial, and cultural relations with Mongolia, with which it has deep-rooted historical and cultural ties.

Ochirbat said that his country attaches great importance to the agreements signed with Turkey today, especially the agreement on tourism cooperation, due to their historical ties. [passage omitted]

North Korea

U.S. Air Exercises Reported 12, 13 Sep

SK1509051395 Pyongyang KCNA in English
0448 GMT 15 Sep 95

["U.S. Imperialists Continue Aerial War Exercises Against DPRK" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 15 (KCNA) — The U.S. imperialist warmaniacs on Sept. 12 and 13 staged aerial war exercises for surprise bombing on strategical in-depth and major targets in coastal areas of the North by letting scores of carrier-borne planes fly to the sky above the Korean West Sea from overseas bases, military sources said.

On Sept. 13, KC-135 refuelling tanker, which was sent to South Korea from an overseas base, staged a rehearsal for refuelling fighter planes of the U.S. Airforce in the sky above the West Sea for a long time.

Aerial commanding planes on September 12 and 13 staged concentric aerial espionage on areas of the North side as well as commanded scores of fighter planes belonging to the U.S. Seventh Airforce which are hell bent on aerial war exercise against the North in the sky above South Korea.

The U.S. imperialist warmaniacs must promptly stop the war exercises against the North they are continuing to stage, turning their back on the unanimous aspiration of the Korean people and the world peace-loving people who want peace in Korea and its peaceful reunification.

South Accused of 'Aggravatiang' DMZ Situation

SK1509050395 Pyongyang KCNA in English
0424 GMT 15 Sep 95

["Military Provocations in DMZ" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 15 (KCNA) — The South Korean puppets on September 13 introduced 90 mm recoilless guns and 12.7 mm machine guns into the Demilitarized Zone (DMZ) in the central sector of the front and took a firing posture against civil police posts of the North side, according to military sources.

They also brought more than 30 military vehicles loaded with armed bandits and war materiel of the puppet army.

Some 150 bandits armed with machine guns and automatic rifles made their way into the DMZ in the west, central and east sectors of the front, creating a terror-ridden confrontational atmosphere.

The Kim Yong-sam group will certainly face a stern punishment if they continue aggravating the situation in the DMZ, going against the aspirations of the nation for reunification.

UN Criticism of South on Human Rights Reported

SK1509131995 Pyongyang KCNA in English
1021 GMT 15 Sep 95

[FBIS Transcribed Text] Pyongyang, September 15 (KCNA) — The working sub-commission on arbitrary detainment under the United Nations Commission on Human Rights criticized the "civilian" fascist clique of South Korea for its illegal imprisonment of people, according to a report.

It said that the detainment of Kim Son-myong, the longest-term prisoner in the world, and those related to the "case of national salvation vanguard" was an artificial infringement upon rights of individuals by power and an arbitrary act contradictory to the world declaration on human rights.

Organizations Demand South Release Pak Yong-kil

NDFSK Demands Release

SK1409102695 Pyongyang KCNA in English
1023 GMT 14 Sep 95

[FBIS Transcribed Text] Pyongyang, September 14 (KCNA) — A spokesman for the National Democratic Front of South Korea (NDFSK) in a statement on September 8 said that the North visit of Presbyter Pak Yong-kil, widow of Rev. Mun Ik-hwan, was an expression of her noble patriotism to keep to her obligation as a member of the Korean nation and relink the severed blood vessels of the nation and reunify the divided country even if she might sacrifice herself for the reunification, according to radio Voice of National Salvation from Seoul.

The Kim Yong-sam group arrested and brought an indictment against her on charges of violating the "National Security Law" though she did praiseworthy things for the reunification of the nation, the spokesman said, and continued:

This fully reveals that it is a group of gangsters and traitors without an equal in the world.

With no bayonet-brandishing and fascist law can it prevent the feelings of the people from heading for the North and block the way of the seventy million fellow countrymen toward reunification in the 1990s.

The Kim Yong-sam group must clearly see the present realities and immediately release Presbyter Pak Yong-kil before it faces strong resistance of our people.

And it must scrap the "National Security Law", an anti-reunification evil law, at once and unconditionally allow the northern trip of people of different social standings.

The spokesman called upon all the religionists and people from all walks of life who ardently aspire after the reunification of the country to closely unite as one man and launch a more powerful struggle for the release of Presbyter Pak Yong-kil, a pro-reunification, patriotic figure, and the overthrow of the traitorous Kim Yong-sam "regime", an anti-national, anti-reunification group.

Swedish, Nepalese Groups

SK1409152495 Pyongyang KCNA in English
1520 GMT 14 Sep 95

[FBIS Transcribed Text] Pyongyang, September 14 (KCNA) — The Sweden-Korea Friendship Association sent a letter to the traitor Kim Yong-sam of South Korea on September 5 demanding the release of Pak Yong-kil, widow of Rev. Mun Ik-hwan, who was arrested after visiting Pyongyang.

The letter said the visit to the Democratic People's Republic of Korea she paid to honor the memory of President Kim Il-song on the first anniversary of his death, was very just and she had no reason to be charged or arrested.

The South Korean authorities' arrest of Pak Yong-kil is an act going against inter-Korean dialogue and reunification and fostering North-South confrontation, said the letter, strongly urging her immediate release.

The International Study Centre for Chuche-Oriented Mass Media in Nepal, in a statement August 24, said the South Korean authorities' arrest of the old woman is a violation of human rights and an act obstructing the peaceful reunification of the country and the great unity of the nation and balking the interests and desire of the Korean people.

The statement strongly demanded that they immediately release the illegally arrested woman as demanded by the Korean people.

Reportage on Visit by Hanchongnyon Delegates

Group Meets University Students

SK1409105695 Pyongyang KCNA in English
1051 GMT 14 Sep 95

[FBIS Transcribed Text] Pyongyang, September 14 (KCNA) — A roundtable conversation of officials of the Student Committee and students of Kim Il-song University and Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of General Student Councils (Hanchongnyon) under the South side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon), took place here on September 12.

Present there was Choe Chong-nam, director of the Joint Secretariat of Pomchonghangnyon.

At the roundtable conversation they exchanged views on matters of mutual concern including the measures for further strengthening the interchange and solidarity struggle of youth and students in the North and the South, the concrete ways for them to get outside forces withdrawn and achieve the reunification through confederacy and their dream and ideal to realize national reunification.

The delegates visited Pyongyang University of Foreign Studies on September 13. Thy went round a language laboratory, a simultaneous interpretation practice room and others.

A welcome ceremony took place at the university. On the occasion the delegates stressed the need to wage a powerful struggle to get the U.S. imperialists, the root cause of national division, withdrawn and achieve the reunification in the 90s.

They also inspected the Grand People's Study House and the tomb of King Tongmyong, the father of Koguryo (277 B.C.- 668 A.D.) which was an old state of Korea famous as a strong country in the east.

Delegates Interviewed

SK1409102095 Pyongyang KCNA in English 1011 GMT 14 Sep 95

[FBIS Transcribed Text] Pyongyang, September 14 (KCNA) — Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of General Student Councils (Hanchongnyon) under the South side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon), were interviewed by KCNA at the Pyongyang Koryo Hotel on September 13, one month after they came to the northern half of Korea.

The delegates said that their activities in the North for one month were of significance in reaffirming and keenly feeling that the Korean nation's wish for reunification is just.

They noted that the moment they arrived in Pyongyang via alien countries after leaving Seoul on August 10 and met with compatriots in the North who come to a smooth understanding with them, they felt once again that national homogeneity and patriotism - it goes beyond systems, ideas and political views.

They said they thought first that the compatriots in the North whom they met here might be different from them, but as the days went by, singing, dancing and talking together, they felt as if all of them are a family, old kind friends. Looking at Lake Chon on the summit of Mt. Paektu, looking out of the window of a plane heading again for Pyongyang down on mountain ranges stretching from Mt. Paektu to Mt. Halla and the beautiful and wide land of the country, one offset, they felt heartache to think what has bisected this one nation, they stated.

There can be no logic to torment this land which has one language, one song and one and same territory, they said, and stressed:

We can no longer hand the divided nation to posterity. If all the compatriots in the North, the South and overseas are united, they can achieve reunification.

Division must not be a heritage of our nation any longer. Let us change the 50 years of division with hundreds of millions of years of reunification through great national unity.

Beginning to know the division of the country and the sufferings of our nation from it, we have realised we are youth and students in full vigor.

Conscience, in the long run, made us choose struggle, not study, and reach a conclusion that when a good world comes, we will study to our heart's content, we will devote everything to the struggle to have the country reunified.

We were absent from lessons of the new school term, but we will become daughters of the nation who are not absent and late even one time in the future struggle for reunification.

Though we die in the struggle, we are among the one million fellow students who are struggling with the determination that they cannot die till the day of national reunification, and we will never live a shameful life before such comrades.

We will cross over the demarcation line with that conscience, that will and that pledge and go back to the fellow students in the South where a more powerful struggle will wait. No one can block our way to go.

Activities Outlined

SK1509131795 Pyongyang KCNA in English 1027 GMT 15 Sep 95

[FBIS Transcribed Text] Pyongyang, September 15 (KCNA) — Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of General Student Councils (Hanchongnyon) under the South side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon), visited Kim Hyong-chik University of Education on Sept. 14.

They were accompanied by Choe Chong-nam, director of the joint secretariat of Pomchonghangnyon.

After being briefed on the development of the university and activities of the university student committee, the delegates saw video films on the visit to the university by Pak Song-hui and Song Yong-sung, delegates of the National Council of Student Representatives (Chondaehyop), and Choe Chong-nam, delegate of Hanchongnyon, in the past.

Then, they briefed students of the university on photos showing the struggle of Hanchongnyon which were displayed at the university and saw video films on the life and struggle of the fellow students in the South together with them.

They appreciated an art performance given by students of the university and went round training rooms of the university gymnasium.

The delegates spent a pleasant time playing basketball with students.

After visiting the university, they made an entry in the visitor's book.

Earlier, the delegates and students of Pyongyang University of Medicine met.

They exchanged views on the struggle waged by youth and students in the North and the South to realize the reunification in the form of confederation through great national unity, the concrete tasks for the future struggle, the measures to strengthen independent exchange and solidarity struggle between the youth and students in the North and the South and the matters to further increase the anti-U.S., anti-fascist struggle for democracy in South Korea.

The delegates said that their planned return through Panmunjom is aimed at clearly informing the whole world of the injustice of the "National Security Law" of South Korea and giving strength and courage to the one million students in the South who are struggling to achieve the reunification in the 90s. By doing so, they will display the will and stamina of the youth and students to bring about the national reunification without fail, they stressed.

Reporters Discuss Conditions in Flooded Areas

SK1509101495 Pyongyang Korean Central Broadcasting Network in Korean
1129 GMT 14 Sep 95

["Roundtable talk" with an unidentified moderator and unidentified reporters: "Our Party and Our Socialist System Are the Best"]

[FBIS Translated Text] [Moderator] Attending this meeting are reporters who have been to the flood-stricken sites in the Sinuiju area. Now we would like to hear what they have actually seen and heard while visiting there.

[First reporter] I would like to speak first. I was indeed surprised to see that, although an unprecedented great flooding occurred, there was no loss of life at all, and the population in this area has rather increased during this period. Moreover, among flood victims who have lost houses and household implements, no one was left without means to make a living. They all looked bright as usual, and seemed to be filled with confidence and optimism. From their faces, I sensed the heartwarming sentiments of our people who only deeply trust and follow the respected General Kim Chong-il.

[Second reporter] That is right. We had the opportunity to personally meet many people while visiting there and heard many of their stories. We also toured the spots stricken by flooding. We witnessed that all the people there were unanimously overflowing with a firm faith that as long as the respected General Kim Chong-il protects our people's destiny and as long as there is the general, our people's destiny will never be unfortunate. A person would not have such faith if it were enforced by someone else.

[Third reporter] That is right. Only when one is charmed by his personal dignity through practical experience, will one have a sense of absolute worship and of trust, thus cherishing it as faith.

[Second reporter] Seeing all this, we can say that although the flood disaster that hit some sites in the Sinuiju area was an unfortunate event for our people, on the other hand, it was a period during which our people could consolidate the faith in our hearts that the great General Kim Chong-il is our destiny.

The great leader Comrade Kim Chong-il has pointed out that our party inherited the brilliant tradition of politics of benevolence provided by the great leader Comrade Kim Il-song, and is constantly developing this tradition.

While suffering the current great flooding disaster, our people came to keenly realize the true meaning of the respected General Kim Chong-il's politics — politics of benevolence — and the greatness of the general's idea of regarding the people as heaven. In addition, our people came to more deeply cherish the faith that the respected General Kim Chong-il is our very destiny.

[Third reporter] As was already known, the torrential rain fell continually in all areas of North Pyongan Province, including Sinuiju, from early August. The amount of rainfall was three times as much as the ordinary year, thus flooding the banks. To make matters worse, even the inflow of the tide flew from the West Sea. As a result, the highest water level in history was recorded, far surpassing the water level of the Yalu River in 1924 and 1935 when great flooding took place, and flood damages were inevitably inflicted. However, not all the people suffered misfortune due to this flooding.

Respected and beloved General Kim Chong-il, who values and so loves all the people, took emergency state-level measures to save the residents of flood-stricken areas. He mapped out an unprecedented plan of operations mobilizing the KPA Army, Navy, and Air Force, and personally commanded the operations.

[First reporter] Yes, he did. Thus, three-dimensional operations was carried out with helicopters in the sky, high-speed transport ships in the sea, and landing vehicle tractors on land.

[Second reporter] There have been many touching episodes. Those who had fled from the increasing level of water to roofs or trees had been at quite a loss over what to do while watching the raging sea of water, shed heartfelt tears and shouted hurrahs for the great leader General Kim Chong-il when they saw helicopters and battleships arriving to save them, and when People's Army soldiers lifted them into planes and ships, saying that they had been sent by orders from the respected and beloved comrade supreme commander.

[Third reporter] Seeing party members and public security personnel carry survivors onto ships and running into raging rivers repeatedly to save other victims, older people who had been atop of straw heaps since they were unable to flee to higher ground, shed heartfelt tears and, in voices choking with gratitude, called on the name of the general noted that is the great general's intent to save all victims.

[Second reporter] The examples of self-sacrifice recently shown by the respected and beloved general's army, along with our party members led by the general, and the public security personnel raised by the general, have allowed the residents of flood-stricken areas to again experience and keenly feel the respected and beloved General Kim Chong-il's benevolent bosom and humanitarian policies.

Comrade Yun Myong-sok, a work team member in charge of raising vegetables at the Hajon cooperative farm in Sinuiju, said that he had been devastated at the thought that both his wife, who had just given birth, and their baby, were going to die because of the flood. However, when helicopter pilots carried army soldiers to the village and saved all the residents, including his baby, he said: Today, I am keenly aware of the greatness of the great general's idea of serving the people as heaven. Misfortune will never happen to our people, who live in the benevolent bosom of the great general.

This is not only the feeling of Comrade Yun Myong-sok alone, but that of all the residents in flood-stricken areas.

[First reporter] I believe so. In an interview with us, a white-haired old man residing in a mountainous area of Sinuiju who was deeply impressed, said: When the sudden flood hit our village, I climbed up to the roof and was able to safely escape to higher ground, via a tank sent by our general. I have heard of many flood disasters in my eighty years of life, but have never heard about relief work mobilizing valuable tanks which are used during war. Such relief work can only be done by our general who has inherited the fatherly leader's idea of serving the people as heaven.

[Third reporter] The recent flooding has allowed our people to again feel from the bottom of their hearts the true superiority and invincible might of the popular masses-oriented socialism of our own style, which is led by the great leader [yongdoja] General Kim Chong-il.

[Second reporter] Residents in flood disaster areas in Sinuiju have lost (?farms), houses, and property due to this unprecedented, sudden flooding. Most of those who were rescued from this flood disaster only had the clothing they had on them. No flood victim today, however, is trembling in rags or starving from the outside cold.

[First reporter] That's true.

[Second reporter] This is thanks to the popular masses-centered socialist system of our own style led by the great leader [yongdoja] Comrade Kim Chong-il. The great leader Comrade Kim Chong-il not only personally organized and led the combat of rescuing flood victims, but he also rejoiced over the report that all residents in the flood disaster areas had been rescued without mishap and established rapid measures to settle their living. He went so far as to personally send valuable relief aid materials to them as gifts. So, residents in these flood disaster areas are brimming with infinitely deep gratitude.

An old man named Ha Pok-hwan, 76, whom we met in Hatang-ri, Sinuiju City, said, shedding tears, that in the over 70 years that he had lived in the islet, he had never experienced such a flood as this. He went on to say: "When the flood swamped our village, we had no hope for our safety. At that time, aircraft and tanks appeared suddenly, and we were rescued by soldiers dispatched by the great general. We haven't conveyed our due greetings of thanks to the general as yet. Nevertheless, he has sent many relief materials and aid. This is indeed like a dream."

[Third reporter] Here is another example. An old woman named Kim Mong-yong, 70, said: I was widowed at 26, and since then, I have fostered my children. Our family could survive in the recent flooding thanks to the great general's benevolence. He even mobilized aircraft and military soldiers for the flood victims. This is indeed unprecedented in the world. Moreover, he has sent household facilities to us. I would like to make a big bow to our general for his benevolence."

She then asked us to deliver her words to the general that now that the residents of the flood-struck island are able to live without envy, the great general should not worry any more about the residents of the island.

She concluded by saying that the residents in the island live, relying only on the great general.

This is a phenomenon that can only be seen in our society where the leader [suryong] loves the people infinitely, all the people throughout the country uphold the leader [suryong] as their blood father, and the leader [suryong] and the people live in harmony and unity, and helping each other.

[Second reporter] That's right.

[First reporter] I think this is an impressive canvas which shows the genuine appearance of our country, our fatherland, where the people live in harmony, forming one great family and helping and leading each other, under the socialist system of our own style under which the singlehearted unity of the leader [suryong], the party, and the masses has been achieved and everything serves the people.

Indeed, with the recent flood disaster as an occasion, our people's faith that the great leader General Kim Chong-il is the benevolent father who looks after the destiny and future of our people and that the socialist system of our own style led by the general is the best has become firmer.

Having experienced the recent flooding, our people have come to more resolutely possess the faith that the respected and beloved general is the destiny of our people and that as long as the respected and beloved general is with us there will be nothing to fear even though the world changes a hundred times over, and will more firmly rally around the great leader Comrade Kim Chong-il and more vigorously demonstrate the true appearance of the invincible might of our own style socialism.

[Moderator] Thank you.

Kim Chong-il Inspects 893d KPA Unit 13 Sep

SK1509004495 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 14 Sep 95

[FBIS Translated Text] Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], has inspected the civil police outposts of the 893d KPA Unit near the front line. Comrade Kim Chong-il, chairman of the DPRK National Defense Committee, supreme commander of the KPA, and great leader [yongdoja] of our party and people, inspected civil police outposts of the 893d KPA Unit near the front line on 13 September.

Militant slogans reading "Let us devote our lives to the fight for the respected and beloved Supreme Commander Comrade Kim Chong-il" and "Let us defend the fatherland's impregnable outposts," were hung at the barracks of the unit located along the Military Demarcation Line in the DMZ. The outposts near the front line were filled with the ardent loyalty and militant spirit of People's Army soldiers, who are reliably fulfilling guard work, and were seething with their high towering spirits and fighting spirit to annihilate the enemy.

Comrade Kim Chong-il, supreme commander of the KPA, arrived in the unit at 0930. Amid the storm of roaring cheers and hurrahs reverberating on the high ground, KPA Supreme Commander Comrade Kim Chong-il received a reception report from the unit commander.

KPA Supreme Commander Comrade Kim Chong-il was received there by KPA Generals Yi Ha-il, Kim Myong-kuk, and Chon Chae-son; Colonel General Kim Ha-kyu and Pak Chae-kyong; and other commanding officers and political functionaries.

Guided by the unit commander, Comrade Kim Chong-il looked around the outposts, which bear significant traces of the fatherly leader Kim Il-song, who visited the place coming through the pinetree woods. Comrade Kim Chong-il heard impressive stories about the historic site from the unit commander. He came to an outpost, which bears the fatherland leader's footprints, looked over the southern part of the fatherland from the outpost, recalled historic scenes with deep emotion, and asked that the historic site be well managed.

Comrade Kim Chong-il received reports on frontier materials and guard work at the front line from commanding officers of the unit and came up to an outpost where he acquainted himself with the observation area of a guard on duty, as well as his observation work, and learned the terrain and feature conditions in the area along the enemy's boundary. By using a binocular telescope furnished at the outpost, Comrade Kim Chong-il observed the enemy's guard posts located within calling distance, saw the state of arms deployment there, and carefully surveyed the terrain and feature conditions of the South and the enemy's moves.

Comrade Kim Chong-il looked over our side's area from the upland and acquainted himself with the situation of People's Army soldiers' outposts deployed on the bloody uplands and mountains that shine with heroic feats, as well as the state of safeguards. Comrade Kim Chong-il posed for pictures with watchmen on duty.

Comrade Kim Chong-il acquainted himself with the status of the rear-area soldiers' life in the unit. Comrade Kim Chong-il looked around the supplies storehouse and kitchen in the unit and acquainted himself with the status of the supplementary foodstuffs and other materials stored there as well as the food supplies.

Comrade Kim Chong-il inspected the barracks and the soldiers' sleeping facilities and paid close attention to the heating facilities for the winter months.

In the front grounds of the unit compound, together with cadre members of the unit, Comrade Kim Chong-il saw an outpost mass entertainment which encourages and inspires the soldiers' militant morale and stirs up their revolutionary optimism and firm faith in victory. The entertainment included the song, "We Always Uphold the Leader [suryong]"; the solo, "The Fatherland That I Defend"; the chorus, "[word indistinct] of Chongil Peak"; the etude, "We Are Happy With the Life in Our Company Under Rewarding Facilities"; the vocal quartet, "Blood Brothers in the Outpost"; the poem and song, "Let Us Uphold Our Supreme Commander With Arms"; and many other repertoires.

In the mass entertainment, soldiers sang with fervent and excited feelings, and expressed their joy and emotion of meeting in their unit with the respected and beloved Supreme Commander Comrade Kim Chong-il whom they have missed for a long time. They simply but sincerely portrayed their rewarding military life and the ethos of unity between officers and enlisted men in which comradely friendship flourishes. The impassioned and romantic songs that soldiers sang during the entertainment left a deep impression on the soldiers.

Comrade Kim Chong-il gave an automatic rifle and a binocular telescope as gifts to the civic police outpost.

Comrade Kim Chong-il expressed great satisfaction with the fact that soldiers of the People's Army, who are infinitely loyal to the party, have fully completed their military, technological, mental, and physical preparations capable of mopping up any provocation by the enemies with one blow even amid the enemies' durable military threat and under the adverse natural and geographical conditions by upholding the party's military line and displaying matchless courage and dauntlessness. He also gave encouraging remarks to the brave soldiers of one-a-match-for-100 who are defending the land of the fatherland as an iron-clad bastion.

Comrade Kim Chong-il stressed to unit commanders to correctly realize the importance and significance of front line outposts which are directly confronted with the enemies in the front line area and, thus, to display a high sense of responsibility and devotion in the accomplishment of their security duties in response to the party's trust and expectations. He then presented an important task which will be a directional guideline [panghyangjok chichim] in strengthening the combat capability of the unit.

That day, Comrade Kim Chong-il posed for a picture together with commanders and soldiers of the civic police outposts.

The commanders and soldiers in the unit could not repress their excited emotion over the fact that the respected and beloved Supreme Commander Comrade Kim Chong-il went to a front line outpost near the Military Demarcation Line in the DMZ, far from the capital, to elucidate the road of victory along which the unit should advance and to bestow warm love and deep trust upon it, and they were seething with the burning determination to protect the Supreme Commander Comrade Kim Chong-il with their lives and to firmly defend the land of the fatherland.

KCNA Reports on Visit

SK1509043195 Pyongyang KCNA in English 0417 GMT 15 Sep 95

[FBIS Transcribed Text] Pyongyang, September 15 (KCNA) — The great leader of the Workers' Party of Korea and the Korean people Comrade Kim Chong-il, chairman of the National Defence Commission of the DPRK and supreme commander of the Korean People's Army [KPA], inspected civil police posts of KPA Unit 893 in the forefront area on September 13.

Seen at the barracks of the unit in the Demilitarized Zone on the Military Demarcation Line [MDL] were streamers reading "Let us defend respected Supreme Commander Comrade Kim Chong-il with our lives!" And "Let us firmly defend the defence posts of the motherland!"

At 09:30 Comrade Kim Chong-il arrived at the unit.

Amid the cheers of "hurrah" echoing through the hill, the commander of the unit saluted Comrade Kim Chong-il.

Comrade Kim Chong-il was greeted at the unit by Generals Yi Ha-il, Kim Myong-kuk and Chon Chaeson, Col. Generals Kim Ha-kyu and Pak Chae-kyong and commanding officers and political commissars of the Korean People's Army.

Conducted by the unit's commander, Comrade Kim Chong-il inspected the posts in forests of pine trees which had been visited by the fatherly leader President Kim Il-song.

Comrade Kim Chong-il heard an impressive story about the historic site from the unit's commander. Then, he went to the post which had once been visited by President Kim Il-song, commanded a bird's-eye view of the southern part of the country and looked back on historical facts with deep emotion. He said the historic site should be preserved well.

The commanding officers of the unit told him about the situation of the enemy and the guard duty on the front. He went to the observation post.

He entered the observation post to learn about the scope of observation and the duty of the sentry as well as the location of the trench to cope with the enemy's movements.

Through a periscope, he watched the observation posts and deployment of Armed Forces of the enemy within hailing distance and the geographical features and things on the land in South Korea and the movements of the enemy.

Looking round the areas of our side on the hill, Comrade Kim Chong-il grasped the conditions and defence preparedness of the People's Army posts deployed on blood-permeated heights and ridges associated with heroic merits.

He posed for a souvenir picture with soldiers on duty.

Then he acquainted himself with supply service for the soldiers of the unit.

He called at the daily provision storehouse and the kitchen of the post to see how raw materials for non-staple food were kept and how soldiers were provided with food.

At the barracks he saw with keen interest how weapons were kept and how soldiers went to sleep. He paid deep attention to the heating of barracks in winter.

In the yard of the barracks he and senior officials appreciated a mass recreation party of soldiers, which encouraged the military spirit of the soldiers and imbued them with revolutionary optimism and confidence in victory.

Comrade Kim Chong-il left an automatic rifle and field-glasses to the post as gifts.

He expressed great satisfaction at the perfect military and technical, mental and physical preparedness of the soldiers to smash at a stroke any provocation of the enemy with unfailing loyalty to the party, matchless grit and courage, upholding the party's military line with themselves exposed to the enemy's persistent military threat and overcoming unfavourable natural and geographical conditions. And he inspired the soldiers, who are defending the homeland like an impregnable fortress, each a match for a hundred foes.

He told the commanding officers of the unit to display a strong sense of responsibility and devotion in guard duty, living up to the party's trust and expectation, deeply conscious of the significance and importance of the MDL posts standing face to face with the enemy in the defence of the frontline areas. He set important tasks which will be the guideline in increasing the unit's combat power.

He had a picture taken with the commanding officers and soldiers of the civil police posts.

Kim Chong-il Thanks Various Units, People

SK1509054995 Pyongyang KCNA in English 0442 GMT 15 Sep 95

[FBIS Transcribed Text] Pyongyang, September 15 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to more than 140 organs, enterprises, factories, cooperative farms and schools and upward of 200 officials, working people and their families and students for their active assistance to the soldiers who had participated in the building of Kumsusan area, the supreme holy land. Among them are the state agricultural commission, the Sungho District, Pyongyang, party committee, the Pyongyang municipal security bureau, the Kum Song general tractor works, the Ipsok cooperative farm in Mundok County, South Pyongan Province, the Mangyongdae Senior Middle School No. 1 in Pyongyang, anti-Japanese revolutionary fighters, General Director of the Nungnado general bureau Kim Pyong-pok, chief of a section of the building-materials trading corporation Chong Yong-chan and his wife Kim In-chun and student of Kim Il-song University Yo Yong-chin.

Comrade Kim Chong-il also thanked 14 graduates of Kang Pan-sok University for the bereaved children of revolutionaries who volunteered for important sectors of the socialist construction.

Foreign Groups Observe National Day

Russian, PRC Groups Offer Praise

SK1309151695 Pyongyang KCNA in English 1510 GMT 13 Sep 95

[FBIS Transcribed Text] Pyongyang, September 13 (KCNA) — The 47th anniversary of the foundation of the Democratic People's Republic of Korea was celebrated in China and Russia.

Lei Jieqiong, vice-chairman of the Standing Committee on the National People's Congress of China, addressing a party given at the Korean Embassy in Beijing said that the industrious and brave Korean people have firmly defended the independence and sovereignty of the country and achieved a brilliant success in the socialist economic construction under the wise leadership of President Kim Il-song and the Workers' Party [WPK] of Korea over the past 47 years.

She stressed that the Sino-Korean friendship provided and strengthened by the revolutionaries of the old generations of the two countries has overcome storms and trials of history and has struck its roots deep in the hearts of the two peoples. She expressed the belief that the friendly and cooperative relations between the two countries will continue to develop.

Makar Babikov, first vice-chairman of the Central Council of the Russian Association for Friendship and Cultural Cooperation With the DPRK, said at a rally celebrating the Korean people's national day in Moscow: Today the Korean people are significantly celebrating their national day in the proud struggle for the prosperity and development of the country under the leadership of Comrade Kim Chong-il, another most distinguished leader.

He wished the Korean people greater success in their efforts for socialist construction and national reunification.

Kramareko, chairman of the Control Committee of the Russian Association for Friendship and Cultural Cooperation With the DPRK, stressed in his speech that the DPRK which shone bright in the world under the leadership of Comrade Kim Il-song will make a long drive following up the victory in the future, too, under the guidance of Comrade Kim Chong-il.

The Chinese PEOPLE'S DAILY [RENMIN RIBAO] September 9 carried an article entitled "Brilliant Route, Eternal Friendship". We, it said, express the belief that the Korean people who have the brilliant revolutionary traditions will continue to achieve a new success in the construction of the country and in the struggle to reunify the country by carrying forward the cause pioneered by President Kim Il-song without fail.

The Russian paper PATRIOT No. 35-36 devoted a whole page to the national day of the DPRK.

In an article titled "Believing in the People as in Heaven" it said the DPRK has made such development as unprecedented in the human history under the leadership of Comrade Kim Il-song and Comrade Kim Chong-il, the recognized leaders of the WPK and the Korean people.

The paper said that the Korean people want the reunification of the country and that United States can never block Korea's reunification.

Guyanese President Praises Achievements

SK1409102595 Pyongyang KCNA in English 1017 GMT 14 Sep 95

[FBIS Transcribed Text] Pyongyang, September 14 (KCNA) — The Korean people have made amazing achievements in all domains since the Democratic People's Republic of Korea was founded, said Guyanese President Cheddi Jagan in his speech at a meeting held at the DPRK Embassy on the occasion of the 47th birthday of the DPRK.

He, in the name of the government and people of Guyana, extended warm congratulations to the great leader Comrade Kim Chong-il and to the government and people of the DPRK on the happy occasion.

Pointing out that Guyana has long supported the peaceful reunification and denuclearisation of the Korean peninsula, he said that he was encouraged by the efforts of the DPRK to implement the DPRK-U.S. agreed framework adopted last year.

He expressed the conviction that the friendly and cooperative relations between Guyana and Korea would grow stronger and develop.

Foreign Leaders Send Messages

SK1409051495 Pyongyang KCNA in English 0426 GMT 14 Sep 95

[FBIS Transcribed Text] Pyongyang, September 14 (KCNA) — The great leader Comrade Kim Chong-il received messages of greetings on the occasion of the 47th anniversary of the DPRK from President of Mongolia Punsalmagiin Ochirbat, King of Nepal Birendra Bir Bikram Shah Dev, President of Yemen 'Ali 'Abdallah Salih, President of Madagascar Zafy Albert, President of Poland Lech Walesa, President of Yugoslavia Zoran Lilic, Federal President of Austria Thomas Klestil, Queen of Denmark Margrethe II, President of Armenia Levon Ter-Petrosyan, President of Bulgaria Zhelyu Zhelev, President of Switzerland Kaspar Villiger, King of Sweden Carl Gustaf, President of Czech Vaclav Havel, President of Uganda Yoweri Kaguta Museveni, President of Botswana Ketumile Masire, President of Guyana Cheddi Jagan, President of Namibia Sam Nujoma, President of Cote d'Ivoire Henri Konan Bedie and President of Malta Ugo Mifsud Bonnici.

The messages extend warmest congratulations to Comrade Kim Chong- il on the occasion of the national day of the DPRK.

They express the belief that the friendly and cooperative relations between their countries and Korea will further develop.

They sincerely wish Comrade Kim Chong-il a long life in good health.

State, Party Leaders Send Greetings

SK1509045695 Pyongyang KCNA in English 0420 GMT 15 Sep 95

[FBIS Transcribed Text] Pyongyang, September 15 (KCNA) — The great leader Comrade Kim Chong-il received messages from foreign state and party leaders, congratulating him on the 47th anniversary of the Democratic People's Republic of Korea.

The messages came from Zimbabwean President Robert G. Mugabe, Macedonian President Kiro Gligorov, Burkinabe President Blaise Compaore, who is also head of state and president of the Council of Ministers, Belize Prime Minister Manuel Esquivel, first secretary of the Central Committee of the Russian Communist Workers' Party V. Tyulkin and chairman of the Funcinpec Party Norodom Ranariddh.

They extend the warmest congratulations to Comrade Kim Chong-il on the national day and wish him good health and a long life.

They also express the hope that friendly and cooperative relations between their countries and the Democratic People's Republic of Korea and between their parties and the Workers' Party of Korea will further expand and strengthen in the future.

Embassies Abroad Receive Messages

SK1509151795 Pyongyang KCNA in English 1506 GMT 15 Sep 95

[FBIS Transcribed Text] Pyongyang, September 15 (KCNA) — Comrade Fidel Castro Ruz, first secretary of the C.C. [Central Committee], the Communist Party of Cuba, president of the Council of State and president of the Council of Ministers of Cuba, sent a floral basket to the DPRK Embassy in Havana on the occasion of the 47th anniversary of the Democratic People's Republic of Korea.

A floral basket was also sent to the Korean Embassy by Raul Castro Ruz, second secretary of the CPC Central Committee and minister of Revolutionary Armed Forces.

A secretary of the Egyptian president paid a congratulatory visit to the DPRK Embassy in Cairo as a special envoy of the Egyptian President Muhammad Husni Mubarak.

The special envoy said he conveys the fervent congratulations of His Excellency President Muhammad Husni Mubarak to His Excellency Kim Chong-il, the great leader, and to the friendly Korean people and his wishes for the Korean people's greater success in their efforts for progress and prosperity of the country and national reunification, on the occasion of the 47th DPRK anniversary.

He wished His Excellency Kim Chong-il, the great leader, long life in good health and bigger success in his work of heading the Korean people.

An aide to the Peruvian President Alberto Fujimori paid a congratulatory visit to the DPRK Embassy in Lima at the direction of the president.

The aide asked the ambassador to convey his president's heartfelt congratulations to the great leader Comrade Kim Chong-il. He said the Peruvian Government hopes that the DPRK will continue to go ahead along the road of progress and prosperity.

Middle East Conference Expresses Support

SK1409152195 Pyongyang KCNA in English 1516 GMT 14 Sep 95

[FBIS Transcribed Text] Pyongyang, September 14 (KCNA) — An international conference of political parties and fronts in the Middle East and Arab region supporting the 10-Point Programme of the Great Unity of the Whole Nation put forward by the great leader President Kim Il-song and the struggle of the South Korean people was held in Damascus on August 7.

Delegates of more than 30 political parties and fronts including the Communist Party of Syria, the Lebanese Communist Party and the Polisario Front and political and public figures attended the conference sponsored by the Arab Regional Solidarity Committee of Political Parties and Fronts Supporting the Struggle of the National Democratic Front of South Korea (NDFSK) and the South Korean People.

Present on invitation was the representative of the NDFSK in Syria.

The participants observed a moment's silence in memory of President Kim Il-song.

A congratulatory message of the Central Committee of NDFSK was conveyed at the conference.

Abdul Wahab Rashwany [spelling of name as received], member of the Political Bureau of the Central Committee of the Communist Party of Syria (Bagdash) and chairman of the Arab Regional Solidarity Committee of Political Parties and Fronts Supporting the Struggle of

NDFSK and the South Korean People, delivered a report at the conference.

The reporter said that the international conference was convened to help toward implementing at an early date the behests of President Kim Il-song, the greatest and distinguished leader and a great man recognized by the world, on the reunification of the Korean peninsula.

The 10-Point Programme of the Great Unity of the Whole Nation advanced by him is the only one for the peace and independent reunification of the Korean peninsula, the reporter said, and went on:

In order to remove the danger of war and separation on the Korean peninsula, it is imperative, firstly, to intensify the movement for realising the 10-Point Programme of the Great Unity of the Whole Nation advanced by President Kim Il-song, secondly, to actively support and encourage the struggle of NDFSK and the South Korean people to achieve the reunification of the Korean peninsula through great national unity and, thirdly, to conduct a powerful worldwide struggle to denounce and frustrate the moves of the separatist forces against peace and reunification of the Korean peninsula.

Realization of the 10-Point Programme is firmly ensured thanks to the outstanding leadership of His Excellency Kim Chong-il, the great leader of the Korean people, who is creditably carrying out the behests of respected President Kim Il-song on reunification.

The reporter ardently called upon the progressive political parties and organisations of the world, international organisations and the world public to launch a more powerful solidarity movement supporting the struggle of NDFSK and the South Korean people.

Speeches were made at the conference.

A letter to Comrade Kim Chong-il was adopted there.

Documents including a letter to the Central Committee of NDFSK were also adopted there.

A letter of protest to the South Korean authorities said:

We, representing the resentment and demands of the progressives of the world, strongly urge the South Korean authorities to:

Stop war exercises against the North and arms buildup at once.

Repeal the "National Security Law" which runs counter to democracy and reunification and completely dismantle all the repressive tools including the "Agency for National Security Planning".

Immediately release all the arrested and imprisoned patriots and reunification champions and send unconverted long-term prisoners of North Korean origin back to their families at once.

We warn that the South Korean authorities must ponder over the question of peace and reunification of the Korean peninsula which is directly linked with the destiny of the country and the nation and world peace and act with discretion to live up to the requirements and expectation of the seventy million Korean people and progressives of the world.

A letter to the political parties and public organisations of all countries and international organisations called upon them to intensify the solidarity movement on a worldwide scale so that the 10-point programme of the great unity of the whole nation may prove fruitful as desired by the South Korean people and to put strong pressure upon the South Korean authorities to scrap the "National Security Law" and dismantle the "Agency for National Security Planning".

It appealed to them to strengthen the international solidarity movement to put an end to the arms buildup and military provocations of the South Korean authorities, put pressure upon the United States to honestly implement the DPRK-U.S. framework agreement, and urge the South Korean authorities to release all the unconverted long-term prisoners and prisoners of conscience and send the unconverted long-term prisoners of North Korean origin, POWs, back to their hometowns without delay.

Sends Letter to Kim Chong-il

SK1409103295 Pyongyang KCNA in English 1028 GMT 14 Sep 95

[FBIS Transcribed Text] Pyongyang, September 14 (KCNA) — A letter to the great leader Comrade Kim Chong-il was sent by the participants in an International Conference of Political Parties and Fronts in the Middle East and Arab region supporting the 10-Point Programme of the Great Unity of the Whole Nation and the struggle of the South Korean people, which was held in Damascus, Syria.

The letter dated August 7 said they confirmed again through the conference that "10-Point Programme on the Great Unity of the Whole Nation for the Reunification of the Country" put forward by his excellency President Kim Il-song has displayed an invincible vitality as the only banner of reunification which makes it possible to put an end to the tragedy of national division that began with the end of World War II and turn the three-thousand-ri territory into a reunified paradise.

"We have been deeply moved by the feats his excellency President Kim Il-song performed for the country's reunification with so much efforts," the letter said. "Though he passed away, his august name and feats will remain shining forever in the minds of the people."

Saying His Excellency Kim Chong-il enjoys deep reverence and respect not only from the 70 million Korean people but from the world's progressives because he is triumphantly leading the struggle for the accomplishment of the revolutionary cause of President Kim Il-song and the fulfilment of his behest for national reunification, it expressed the belief that the Ten-Point Programme will be implemented successfully under the outstanding and experienced leadership of His Excellency Kim Chong-il.

"We will contribute to the implementation of the Ten-Point Programme by further intensifying the activities for supporting the hard struggle of the National Democratic Front of South Korea and the South Korean people," the letter added.

It wholeheartedly wished Comrade Kim Chong-il good health and a long life.

Foreign Delegations Visit Kumsusan Palace

German Parliamentary Group

SK1409052495 Pyongyang KCNA in English
0431 GMT 14 Sep 95

[FBIS Transcribed Text] Pyongyang, September 14 (KCNA) — A delegation of Christian Social Union members of the Federal Parliament of Germany led by Christian Schmit, member of the Foreign Affairs Committee of the Federal Parliament of Germany and chairman of the Foreign and Defence Policy Committee of the parliamentary group of the Christian Social Union, on Wednesday visited Kumsusan Memorial Palace in which the great leader President Kim Il-song is preserved in state.

It was accompanied by Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea [WPK], and Im Sun-pil, vice-director of a department of the WPK Central Committee.

The German guests paid homage to the statue of President Kim Il- song and made a deep bow to him who is preserved in state.

The head of the delegation made an entry in the visitor's book.

Earlier, the delegation laid a bunch of flowers before the statue of President Kim Il-song on Mansu Hill and made a bow.

Japanese, Kuwaiti Groups

SK1409062095 Pyongyang KCNA in English
0544 GMT 14 Sep 95

[FBIS Transcribed Text] Pyongyang, September 14 (KCNA) — A delegation of Aichi Prefectural assemblymen from different political parties of Japan and a delegation of the Confederation of Kuwaiti Workers led by its Secretary General Rashed Al Azmy [as received] on September 13 visited Kumsusan Memorial Palace in which the great leader President Kim Il-song is preserved in state.

They expressed respects to the statue of President Kim Il-song and made bows to him who is preserved in state.

The head of the Kuwaiti delegation wrote in the visitor's book that he could not repress his sorrow at the loss of the great leader Comrade Kim Il-song.

He expressed regret at the death of Comrade Kim Il-song who provided the Korean people with happiness and honor and with the most stable life.

He hoped that dear Comrade Kim Chong-il would wisely lead the Korean people to implement the intention and cause of Comrade Kim Il-song.

Earlier on September 12, the Japanese delegation laid a floral basket and made a bow before the statue of President Kim Il-song on Mansu Hill.

Group From PRC, Peru, CIS

SK1509053895 Pyongyang KCNA in English
0428 GMT 15 Sep 95

[FBIS Transcribed Text] Pyongyang, September 15 (KCNA) — Foreign guests on September 14 visited Kumsusan Memorial Palace in which the great leader President Kim Il-song is preserved in state.

Among them were the delegation of the All-China Federation of Trade Unions headed by its Vice-president Teng Yilong, the delegation of QIUSHI, a political and theoretical magazine of the Central Committee of the Communist Party of China led by its deputy General Editor Ma Yingbai, the delegation of the National Association of Women Mayors of Peru headed by its Vice-chairperson America Armas Garcia, the delegation of the General Confederation of Trade Unions of the Commonwealth of Independent States led by its Vice-president Natalia D. Podshibiakina, the delegation of the Independent Trade Unions of Russia led by its Secretary T.L. Frolova and the delegation of Chinese officials in charge of youth and children headed by Shi Guoxiong, president of the Chinese Youth Periodical Office.

The guests expressed respects to the statue of President Kim Il-song and made a bow to him who is preserved in state.

Teng Yilong wrote in the visitor's book that the great leader Comrade Kim Il-song will always live in the hearts of the Korean people and the Sino-Korean friendship forged by him will be immortal.

T.L. Frolova wrote:

Although the heart of Comrade Kim Il-song, the great leader and the father of the Korean people, stopped beating, his undying exploits for humankind will shine for all ages.

The great leader Comrade Kim Il-song will remain alive forever in the hearts of the Korean and the world peoples.

Modernization of Light Industry Accelerated

SK1409105595 Pyongyang KCNA in English
1044 GMT 14 Sep 95

[FBIS Transcribed Text] Pyongyang, September 14 (KCNA) — The modernization of light industry has been accelerated in Korea.

According to data available at the State Light Industry Commission, more than 20 light industry factories in different parts of the country were refurbished with some 1,000 machines of over 120 kinds made by themselves and introduced up-to-date scientific and technical achievements in the first eight months this year.

As a result, the equipment of the factories have been updated, a great progress made in the comprehensive mechanization, automation, computerization and robotization of production processes and the nation's light industrial production capacity further increased.

The Pyongyang Textile Combine has manufactured several hundred spinning machines of new type and replaced the existing machines with them.

Modern equipment have been introduced also in the September Textile Mill, the Hyesan Textile Mill and other factories under the Associated Bureau for the Textile Industry, the Pyongyang Silk Mill, the Pakchon Silk Mill and other factories under the Korean Silk Corporation.

The Tongdaewon Garment Factory has built a new ready-made clothes production base as large as the existing one, while the Sinuiju Textile Mill and the Sariwon Textile Mill have remade towel looms and other equipment.

Footwear factories throughout the country have been equipped with new efficient production processes dependent on abundant materials and raw materials of the country.

Iron, Steel Complexes Report Production Gains

SK1409071395 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 12 Sep 95

[FBIS Translated Text] The working class of the iron and steel complexes under the Ministry of Metal Industry is observing the glorious 50th anniversary of the founding of the Workers Party of Korea with increased production of iron and steel.

Thanks to the dedicated struggle by the working class, who are fully aware of the significance and importance of the production of iron and steel in implementing the party's revolutionary economic strategy, the success of producing approximately 9,000 tonnes of more pig iron; approximately 7,000 tonnes of more steel; and approximately 8,000 tonnes of more rolled steel was achieved in September over the same period of the last month.

Upholding the great leader's behests and the party's intentions, the working class of the Kimchaek steel complex is increasing daily production by 1.2 times against the same period of the previous month by fully operating metallurgical facilities.

In the meantime, the working class of the Musan mining complex is effecting upsurges at every mining field and workshop by setting a higher goal of producing more iron ore concentrate so as to meaningfully observe the 50th anniversary of the founding of our party.

Changjagang Power Plant Boosts Production

SK1409022495 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 11 Sep 95

[FBIS Translated Text] Electricity producers of the Changjagang power plant are vigorously carrying out the struggle to send more electricity to various sectors of the national economy.

With burning resolution to brilliantly adorn the 50th anniversary of the founding of the party with increased power production, the electricity producers of this plant are maintaining production at a high and steady rate.

Especially, workers and technicians of the power generation workshop have ensured the most reasonable and effective operation according to the amount of the flow of water, thus maximizing power production.

Workers and technicians of the structure repair workshop have also contributed to guaranteeing the full operation of generation facilities by responsibly carrying out the repair works of structures.

Hydroelectric Plants Report Increased Output

SK1509081195 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 14 Sep 95

[FBIS Translated Text] Hydroelectric power plants throughout the country have effected new success in power production by filling every reservoir fully with water and by operating power production facilities efficiently.

The working class of the 17 March Hydroelectric Power Complex and Taedonggang Hydroelectric Power Complex registered success in increasing the production of electric power by increasing production by 28 percent and 40 percent, respectively, during the past month over the same period of last year, by properly planning and coordinating the management of waterways and hydroelectric structures and by operating generation facilities at full capacity.

The working class at Changjagang Power Plant and Changjingang Power Plant, as well, have produced much more electric power in the past 10 days than the same period of last year by planning and coordinating facility management scientifically and technologically and, thus, ensuring efficient operation of the facilities.

PRC Paper Praises Pyongyang Performing Group

SK1409054495 Pyongyang KCNA in English 0516 GMT 14 Sep 95

[FBIS Transcribed Text] Beijing, September 13 (KCNA) [dateline as received] — The Chinese Liaoning Daily gave wide publicity to the performance given by the Pyongyang Wangjaesan Light Music Ensemble in Shenyang.

The paper September 10 said that the performance of the Pyongyang Wangjaesan Light Music Ensemble struck the Shenyang people with admiration and that dancers and singers demonstrated new looks of the Korean people who are moving forward under the guidance of Comrade Kim Chong-il, dancing and singing to the accompaniment of the light music electronic band.

The song "Thunder of Chong-il Peak" sung by Yom Chong, a merited artiste, lively depicted the Korean people's deep reverence for their leader, the paper said.

The paper in an article captioned "Art of Times Showed and Traditional Friendship Sung" said the performance of the Pyongyang Wangjaesan light music ensemble showed the new appearance of Korea's pop music and dance like a spring breeze and deepened the fraternal friendship between the two peoples. "We hope that the traditional friendship sealed in blood between the two peoples of China and Korea will be everlasting as Mt. Changbai and the current of the River Yalu," said the paper.

The paper September 12 said that the Pyongyang Wangjaesan Light Music Ensemble put on the stage dances, vocal and light music, that are a blend of Korean folk art and modern art and have different themes and contents and strong national identity to be acclaimed by the audience.

Talk Stresses Strengthening Revolution

SK1409101195 Pyongyang Korean Central Broadcasting Network in Korean 2240 GMT 11 Sep 95

[Unattributed talk: "Strengthening the Main Force of the Revolution Is a Fundamental Problem in the Struggle for Socialism"]

[FBIS Translated Text] The great leader Comrade Kim Il-song, who had opened the beginning of the revolutionary cause of chuche, expounded the unique ideology that strengthening the main force of the revolution is a fundamental problem in the struggle for socialism, thoroughly embodying it. On the strength of this, the most superior popular mass-centered socialism of our own style, which provides a genuine human life with the people, has firmly taken root in our country.

The great leader Comrade Kim Il-song taught that strengthening the main force of the revolution is a fundamental problem in the struggle for socialism.

The main force of the revolution elucidated by the great chuche idea is the united body of the leader [suryong], the party, and the masses. The main force of the revolution plays a decisive role in the struggle for socialism. Strengthening the main force of the revolution, which is a decisive force in the accomplishment of the cause of socialism, means to firmly arm the popular masses with the leader's [suryong] revolutionary ideology and to rally them around the leader [suryong] and the party. In other words, strengthening the main force of the revolution means to lead all the people to firmly rally organizationally and ideologically with the leader [suryong] as the brain and the party as the backbone so they can form a sociopolitical organism.

The cause of socialism is carried out by the active function and role of the main force of the revolution and is consummated by the inheritance and strengthening of the main force of the revolution.

The road to forming the main force of the revolution and strengthening it becomes precisely the road of accelerating and vigorously consummating the cause of socialism.

Strengthening the main force of the revolution is a fundamental problem in the struggle for socialism, first of all because it becomes a prerequisite to achieving victory in the struggle for political power [chonggwon]. The struggle for political power is the first stage of the struggle for socialism. Socialism begins with the struggle to overthrow the regime of the exploiting class and to establish a regime for the people, including workers and peasants. Via this course, socialism advances toward a higher stage.

The struggle for political power is the direct and most serious confrontation between revolutionary and counterrevolutionary forces. The reactionary exploiting class that holds political power stops at nothing to maintain it. Therefore, to overthrow the regime of the exploiting class, it is imperative to firmly prepare the main force of the revolution, which is a strong force capable of defeating the counterrevolutionary forces.

When the popular masses are firmly armed with the leader's [suryong] revolutionary ideology, which is the only revolutionary ideology, and when they are firmly united as one political force, only then can they become the main force of the revolution; devote themselves to the struggle to defeat the counterrevolutionary forces and hold political regime; and thus, fully display their inexhaustible strength. This tells us that firmly preparing the popular masses to become the main force of the revolution is a prerequisite to the struggle for political power.

Strengthening the main force of the revolution is a fundamental problem in the struggle for socialism because, without constantly strengthening the main force, it is impossible to build a socialist society and exalt its superiority.

The construction of a socialist society is carried out through such a difficult and complicated process as realizing socialist reforms; firmly building the material and technological foundation of socialism; and remolding nature, society, and human beings.

The guarantee for successfully carrying out all these tasks lies in constantly strengthening the main force of the revolution. The main force of the revolution comprises all classes and social segments, including the working class, peasants, and intellectuals. In a socialist society, their revolutionary zeal and creative positiveness are displayed and exalted to the maximum through the process of strengthening the main force of the revolution.

When we firmly rally all the people around the party and the leader [suryong], concentrating efforts on strengthening the main force of the revolution, and thus exalt their zeal and creativity, then all difficult problems arising in socialist construction can be successfully solved.

To achieve victory in the struggle for socialism, it is imperative to exalt the superiority of socialism to the maximum. The inherent superiority of socialism lies in the fact that socialism makes it possible for people to enjoy a genuine life that accords with the independent nature of human beings.

The life that accords with the independent nature of human beings is the life in which all people realize their independent demands and creative activities to their hearts content, free from exploitation and oppression, with an eternal sociopolitical life, helping and leading each other.

The superiority of socialism finds clear expression in the happy and rewarding socialist life of the popular masses. In a socialist society, people lead a most valuable and rewarding political life as dignified members of social and political organizations, and enjoy a sound and affluent cultural life and an equal and stable material life. The socialist system is a social system under which the popular masses, including the working class, become the masters of society. Those who manage and operate this system are none other than the popular masses.

Therefore, when the popular masses firmly arm themselves with the revolutionary ideology of the working class and possess a high technological and cultural level, only then can they fully exalt the superiority of the socialist system. In other words, no matter how superior the socialist system may be, if the level of the ideological consciousness of the popular masses, the masters of the socialist system, is not high, and if they fail to possess the ability and experience to efficiently manage and operate such an advanced social system, they cannot properly exalt its superiority.

When the popular masses, the masters of the socialist system, strengthen the main force of the revolution by promoting their political and ideological level as well as their technological and cultural level, they can successfully solve all problems, including the improvement of economic management and the strengthening of the material and technological foundation of socialism, and thus, can fully exalt the superiority of socialism.

All this shows that strengthening the main force of the revolution is precisely the basic problem in the struggle for socialism; only when this problem is solved can the final victory of the cause of socialism be achieved.

In our country today, the popular masses-centered socialism of our own style is victoriously advancing, even amid all sorts of difficulties and trials, while firmly grasping the people's hearts. This brilliant victory is precisely the victory of the great socialist ideology of the respected and beloved leader Comrade Kim Il-song who defined the strengthening of the main force of the revolution as the basic problem in the struggle for socialism.

All party members and workers, fervently feeling in their hearts the truthfulness and invincibility of the great leader's [suryong] socialist ideology of chuche, are making all possible efforts to more thoroughly arm themselves with his revolutionary ideology and to more firmly build our revolutionary ranks.

For our people, inheriting to the end the chuche-oriented cause of socialism pioneered by the great leader [suryong] has become the loftiest moral duty.

All party members and workers should prepare themselves to become genuine revolutionaries armed with the chuche-oriented socialist ideology in order to brilliantly consummate the socialist cause of our own style as taught by the great leader while he was alive. They should also more staunchly fight by more firmly rallying around the great leader [yongdoja] Comrade Kim Chong-il, who is leading our revolution to victory.

South Korea

Working-Level Talks on Auto Trade End in U.S.

SK1509024795 Seoul THE KOREA TIMES in English 15 Sep 95 p 9

[FBIS Transcribed Text] Korean and U.S. officials completed a series of working-level meeting on ways to diffuse tension in connection with what Washington claims to be lackluster sales of foreign cars in Korea.

Chong Tok-ku, director general in charge of external trade affairs at the Ministry of Finance and Economy, returned yesterday from the "secret" trip to Washington.

His visit was intended to mend fences before the two countries hold a formal meeting on solving U.S. complaints of alleged barriers to foreign cars in Korea. The formal meeting was set for September 19-20 in Washington.

A government official said the meeting is to be held before the U.S. Trade Representative makes a report on its views on the Korean automobile market situation to the U.S. Congress on September 27.

He did not want to go into detail about what kinds of concessions Korea will make to answer U.S. complaints about its alleged frustration in selling American cars here but he indicated that Seoul will make "sincere efforts" not to anger the American automakers and not invite U.S. Super 301 trade retaliation.

But if the U.S. demands are excessive, "we may forget about the U.S. retaliation threat and prioritize domestic sentiments," he said. One of the most serious U.S. and EU complaints is the allegedly "excessive" tax burden on buyers of foreign cars.

U.S. medical equipment makers and producers of almond and citrus fruit are also pressing the Clinton Administration to mobilize what Koreans call the poisonous and high-handed Super 301 law to expand the sales of their products here.

Dailies on KEDO Negotiations in Kuala Lumpur

SK1309122895

[FBIS Editorial Report] The following is a compilation of editorials carried by the 13 September editions of KYONGHYANG SINMUN and SEOUL SINMUN commenting on the working-level negotiations held in Kuala Lumpur between the Korean Peninsula Energy Development Organization (KEDO) and North Korea on providing North Korea with light-water reactors.

The moderate KYONGHYANG SINMUN carries on page 3 an 800-word editorial entitled "We Should Look Out for North Korea's 'Double Strategy.'" Reporting that KEDO and North Korea failed to achieve any progress due to the major gap in their views, the editorial denounces North Korea for "demanding too much." Calling attention to the keynote speech by the chief North Korean delegate, in which he stressed that "the ultimate responsibility for the provision of light-water reactors lies with the United States," the editorial urges the ROK to look out for North Korea's "double strategy" of getting what they want while "dividing the ROK and the United States over the share of additional expenses." The editorial then calls on the ROK Government to "abide by the principle that the ROK will be burdened with expenses in proportion to its degree of participation" in the project. Finally, the editorial urges the government to carry out the aid "on the basis of public sentiment" since providing North Korea with light-water reactors is sure to raise "controversy" at every turning point.

The pro-government SEOUL SINMUN carries on page 3 a 700-word editorial entitled "Talks on Light-Water Reactors Are Working-Level Negotiations." Stating that the Kuala Lumpur talks are "working- level rather than political negotiations, and are aimed at mapping out the details of a contract to supply reactors," the editorial denounces North Korea for attempting to "politically handle the working-level matters" from the beginning by insisting "the United States holds the ultimate responsibility." Enumerating difficulties that lie ahead in the project, the editorial notes: "What is important here is to provide North Korea with light-water reactors without a hitch according to the agreement. In order to do that, the negotiations should be carefully carried out and its contents implemented in detail." The editorial concludes that the two sides should work to "not politically abuse or spoil the negotiations."

KEDO, DPRK Working-Level Talks Recess

*SK1509022795 Seoul YONHAP in English
0214 GMT 15 Sep 95*

[FBIS Transcribed Text] Kuala Lumpur, Sept. 15 (YONHAP) — The Korean Peninsula Energy Development Organization (KEDO) and North Korea decided to take a recess from the first working-level experts' talks on KEDO's light-water reactor supply to the North here on Friday [15 September] morning and to resume their discussions in Kuala Lumpur at the end of this month.

Winding up their three-day talks, the two sides will make a joint announcement on the progress they have made Friday morning.

They are also expected to hold the second round high-level officials' talks in early October at an undecided location.

KEDO's Executive-director Stephen Bosworth of the United States, and Deputy Executive Directors Choe Yong-chin from South Korea and Umezu Itaru from Japan will participate in the high-level talks while North Korea's Ho Chong, ambassador-at-large is expected to lead the North Korean delegation.

KEDO Director Arrives in Seoul 15 Sep

*SK1509062295 Seoul YONHAP in English
0616 GMT 15 Sep 95*

[FBIS Transcribed Text] Seoul, Sept. 15 (YONHAP) — Stephen Bosworth, executive director of the Korean Peninsula Energy Development Organization (KEDO), arrived here Friday [15 September] afternoon to consult with the South Korean Government about the results of KEDO's negotiations with North Korea.

At the press conference held at Kimpo International Airport, Bosworth voiced his expectation that the light-water reactor supply contract between KEDO and North Korea would be signed soon.

The report which claimed that North Korea requested an additional 1 billion U.S. dollars worth of facilities at the Kuala Lumpur talks is an exaggeration, he added.

In addition, he noted that KEDO will begin discussing with the Korea Electric Power Corp. (KEPCO), the main contractor for the project, the supply of light-water reactors to North Korea. However, KEDO still has to make a commercial contract with KEPCO before the project can be realized.

Concerning the role of the U.S. program coordinator, he said that role of the coordinator is only to advise KEPCO and that it will not exercise any larger role than the main contractor.

IAEA Resolution on North Nuclear Issue Urged

*SK1509055495 Seoul CHOSON ILBO in Korean
15 Sep 95 p 1*

[Report by Ku Song-chae]

[FBIS Translated Text] It was learned on 14 September that the government is promoting the adoption of a resolution at the forthcoming International Atomic Energy Agency [IAEA] general meeting that demands North Korea's verification of its "past nuclear activities."

On 14 September, a high-level Foreign Ministry official stated: "The government will see to it that a resolution be adopted at the forthcoming IAEA general meeting, slated to open on 18 September, expressing serious concerns about North Korea's past nuclear activities and urging North Korea to give cooperation in verifying them."

The official also stated: "North Korea is trying to cover its past nuclear activities, turning down the request of the IAEA negotiation team in Pyongyang to provide materials needed to verify North Korea's past nuclear activities." He continued: "Accordingly, it is inevitable to promote the adoption of a resolution concerning this issue. In light of the prevailing international public opinion, it seems certain that a resolution will be adopted at the IAEA general meeting."

The IAEA has held third rounds of negotiations with North Korea to verify North Korea's past nuclear activities since the conclusion of the Geneva agreement on the nuclear issue, but has failed to achieve any result.

Russian Premier Rules Out 'Close' Ties to North

*SK1509113395 Seoul YONHAP in English
1050 GMT 15 Sep 95*

[FBIS Transcribed Text] Moscow, Sept. 15 (YONHAP) — Russian Prime Minister Viktor Chernomyrdin said on Friday no political meaning will be attached to a new basic agreement to be concluded between his country and North Korea.

While meeting with Yun Se-yong, visiting president of the Seoul Broadcasting System (SBS), the Russian premier said Russia is not in a position to maintain close relations with North Korea as in the past because North Korea adheres to the socialist economy system whereas Russia has turned to market economy.

Chernomyrdin who is set to visit Seoul on Sept. 27-30 to observe the 5th anniversary of South Korea-Russia normalization, said no political items whatsoever will be included in the creation of new relationship between Russia and North Korea.

He said that if North Korea renounces its socialist economy system, Russia could maintain close relations as in the past. "Under the present circumstances, however, no Russia-North Korea mutual friendship treaty can be retained," he said.

The premier also said that if and when South Korean industries rich in development experiences advance to Russia to get along with abundant Russian resources, it would result in very satisfactory outcomes.

Pyongyang, Tokyo To Discuss Resuming Talks

SK1509005995 Seoul YONHAP in English 0034 GMT 15 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 15 (YONHAP) — The Japanese Government has agreed with North Korea to hold a preliminary working-level meeting in Beijing within the month to discuss the resumption of their suspended normalization talks, the ASAHI SHIMBUN reported Friday.

The vernacular daily, quoting ruling party sources, said that North Korea, which has made little effort since last March when it agreed with a Japanese coalition party delegation visiting Pyongyang to resume their stalled normalization talks, recently proposed the preliminary meeting and that the Tokyo government has accepted the proposal.

At the preliminary confab, where the delegations will be headed by deputy minister-level officials, the two countries will discuss the agenda and other matters necessary to arrange full normalization talks, which are expected to resume as soon as possible, the daily added.

As to Pyongyang's positive attitude toward the resumption of talks, Japanese Foreign Ministry officials commented that North Korea is intent on substantially improving its foreign relations at a juncture when its de facto leader Kim Chong-il is expected to formally assume the general secretary post of the ruling Workers' Party in October and because the North desperately needs Japanese assistance to recover its declining economy and to overcome the recent flood damage it sustained.

Pyongyang-Tokyo normalization talks originally opened in January 1991, but were suspended in November 1992 over a number of disputed issues including North Korea's nuclear weapons program and Japanese compensation for the past atrocities committed against Koreans during its colonial rule.

DPRK Military Said Training Burundian Army

SK1509103095 Seoul CHOSON ILBO in Korean 15 Sep 95 p 6

[YONHAP, REUTER from Bujumbura, Burundi]

[FBIS Translated Text] Sources in the United States stated on 14 September that North Korean military experts have trained the Burundian Army dominated by the Tutsi race in Central Africa. They stated that the North Korean military experts are mainly instructing the Burundian Army — which wants to deter a guerrilla offensive by the rebellious army of the Hutu race — on how to use heavy weapons in Cibitoke and Bubanza in the northern and western areas of Burundi.

Red Cross Airs Flood Aid Message to North

SK1509014795 Seoul KBS-1 Radio Network in Korean 0100 GMT 15 Sep 95

[FBIS Translated Text] At 1000 [0100 GMT] this morning [15 September], the ROK National Red Cross Chairman Kang Yong-hun sent a message to North Korea via KBS-1 radio.

The message is as follows:

To Yi Song-ho, acting chairman of the Central Committee of the DPRK Red Cross Society.

Informing each country's Red Cross Society of your side's serious flood situation on 13 September, the International Red Cross Society appealed to our side to provide relief assistance for your flood victims. Regarding this, even though our people are facing many difficulties due to flood damage, the ROK Red Cross has decided to provide pharmaceuticals and blankets to your side, in the spirit of helping fellow countrymen in the northern part who are worse off.

The ROK Red Cross is ready and willing to gather and send relief materials to your Red Cross Society for your flood victims at our people's request. I hope that your Red Cross Society will inform our side of how you would like us to send our side's materials to your side, as soon as possible.

[Dated] 15 September 1995

[Signed] The ROK Red Cross Chairman Kang Yong-hun

NUB Approves Corporate Investment in North

SK1509073595 Seoul YONHAP in English 0716 GMT 15 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 15 (YONHAP) — The National Unification Board [NUB] on Friday gave the green light to three businesses which each have plans to invest 3-5 million U.S. dollars in North Korea.

Korea Green Cross is planning to manufacture medicine for blood clots in cerebral blood vessels, Tongyang Cement will set up cement silos and Tongyong Shipping will construct harbor piers in the communist nation.

The ministry has thus approved six applications for corporate investment in North Korea so far this year, as Daewoo and Kohap were given the go-ahead in May and Hanil Synthetic Fiber in July.

Ministry officials stressed that the approvals are not connected with any flood aid for North Korea.

North Korean Logger Defects to South

SK1409044495 Seoul YONHAP in English 0201 GMT 14 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 14 (YONHAP) — A North Korean logger who had been working in Siberia arrived in Seoul Thursday morning as arranged by the UN High Commissioner for Refugees (UNHCR), the Foreign Ministry announced.

The North Korean defector, identified as Yun Chol, escaped from a logging camp in Siberia in 1990 to a region of the Commonwealth of Independent States.

Yun worked at the Siberian logging camp on two occasions, once in 1983 and again in 1987 and his defection to South Korea is being permitted for humanitarian reasons as have similar cases in the past, a ministry spokesman explained.

Russia Delivering 2 Helicopters To Repay Debt

SK1509025095 Seoul THE KOREA TIMES in English 15 Sep 95 p 1

[FBIS Transcribed Text] Two Russian helicopters priced at 4.58 million dollars will be delivered to Korea today as part of Moscow's repayment of its overdue debt in kind.

The Ministry of Finance and Economy said the copters will be used for rescue purposes at sea and in the mountains.

Under an accord signed by Seoul and Moscow, Russia agreed to deliver eight copters to Korea to repay part of its overdue principal and interest in kind. The government said today Korea will have received eight copters in all, after shipment of the latest two.

Government To Cushion Impact of Taxation Plan

SK1509040295 Seoul THE KOREA TIMES in English 15 Sep 95 p 8

[FBIS Transcribed Text] The government will increase the money supply as much as possible in the remaining months of the year and take other measures to cushion the possible shock of global income taxation to the financial market, the Ministry of Finance and Economy said yesterday.

Ending a blistering 10-day-long dispute, the government and the ruling Democratic Liberal Party Wednesday finalized a revision bill to the '95 tax code which includes global income taxation scheduled to take effect next year.

According to the bill, a 15 percent with-holding tax will be imposed on interest income from premature short-term debt instruments and bonds maturing in less than five years, which will in turn be subject to global income taxation.

Under the new taxation scheme, a high 40 percent tax rate will be applied to a couple's financial income exceeding 40 million won (about $52,000). Stocks and bonds maturing in over five years will be exempt.

The news came as a surprise to holders of certificates of deposit (CDs), commercial paper (CP) and bonds with maturities of less than five years as they will have to pay more tax on their financial income.

Experts predict that the global income taxation will slacken markets for short-term debt instruments and bonds maturing in less than five years, giving corporations and financial institutions a hard time raising funds.

The ministry agreed with their projection and yesterday announced a set of supplementary steps to minimized the possible impact of global income taxation on the financial market.

In the coming months, the government will give more flexibility its monetary policy and provide as much liquidity as possible within its target range of 12 to 15 percent for money supply growth this year.

"In the short-run, we have no choice but to supply more money since the markets for CDs and CP will atrophy drastically," a ministry official said.

Interests on bonds maturing in less than five years and CDs are also expected to rise owing to the demand for them is likely to plummet.

To prevent a surge in interest on bonds, the government will strengthen its control over the amount of new bond issues, the ministry said.

In contrast, the government will increase the volume of issues of national bonds maturing in more than five years drastically next year to meet a expected rise in demand for long-term bonds exempt from global income taxation.

It will first float 8-year financial bonds worth 230 billion won within this year and raise the volume of long-term government bonds considerably next year, the ministry said. The ministry, however, didn't disclose how much.

Meanwhile, it is an ill wind that blows nobody good. The exemption of stocks from global income taxation is expected to give a boost to the local bourse since holders of short-term debt instruments are likely to shift their money to the stock market.

The expection enhanced investor confidence in the Korea Stock Exchange yesterday, with 67.35 million shares changing hands. It was the third largest daily trading volume this year.

The composite stock price index, however, slipped 2.62 percentage points to 965.70 from the previous day.

Decliners outstripped advancers by 468 to 329 with 159 remaining unchanged.

Government Intervenes in Stock Market

SK1509021795 Seoul THE KOREA TIMES in English 15 Sep 95 p 1

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] The government yesterday [14 September] intervened in the financial market to calm investors nervous about the income tax plan on financial assets, announce measures to curb new bond issues, expand stock supply and increase money supply in an attempt to envigorate the depressed bond market, prevent the stock market from overheating and lower rising money market rates.

Administrative and legal tools will be mobilized to prevent the wealthy from diverting their money overseas, in real estate speculation and "luxurious" consumption, according to the Ministry of Finance and Economy yesterday.

The government's action was taken yesterday after money market prices had soared, bond price nosedived and stock price rose on news that the government will include all types of financial income, excluding stocks, bonds and deposit-type insurance policies with maturity over five years, in the calculation of progressive global income taxation next year.

It is estimated that less than 50,000 rich people will be subject to global income taxation next year but these rich people, who control the bulk of the country's financial assets, have shuffled their money from bonds into stocks and hoarded cash, thus creating a chain strain in the financial market.

The bond market was nearly paralyzed following the decision not to exempt bonds with maturity of less than five years from the calculation of global income taxation.

Due to the lack of demand, bond prices fell followed by a natural rise in bond yields. The ministry said it will strengthen its control over new bond issues from next month.

Banks and insurance companies, in addition to securities firms, will be allowed to retail bonds to the public, a move aimed at boosting sluggish bond demand.

The government said it will encourage firms to issue long-term bonds with maturity of over five years, which are free from global income taxation, to meet the expected growing demand.

With the government's policy being to exclude capital gains from stocks from global income taxation, the stock market has been on a bullish phase these days. By increasing the stock supply, the government also decided to prevent the stock market from waging a sudden rally.

A Ministry of Finance and Economy official said yesterday a sudden rise in the stock market is not desirable but the government's position drew criticism from investors, who said it is seeking to "manipulate" stock prices artificially.

The ministry said it will consider allowing financial institutions and industrial firms to increase capital by issuing new shares "when the stock market shows signs of overheating." It said the government will reconsider its previous plan to put off the privatization of Korea Telecom.

After days of dispute, the government and the ruling Democratic Liberal Party agreed Wednesday to implement the global income taxation plan, with only a few minor exceptions.

Under the accord, all financial and dividend income will be combined and when the aggregate annual income exceeds 40 million won, couples will be subject to progressive global income taxation at a maximum rate of 40 percent.

World Bank Bid for Won-Denominated Bonds Viewed

SK1509024095 Seoul THE KOREA TIMES in English 15 Sep 95 p 9

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] The government gave a guarded welcome to the World Bank's bid to issue won-denominated bonds here after the Asian Development Bank [ADB] successfully completed the fund-raising last month.

The World Bank, in a letter to the Korean Ministry of Finance and Economy, expressed the hope that it may become the second international organization after ADB, to float won-denominated bonds in Korea in the near future.

It said it will dispatch a fact finding mission to Seoul to conduct a feasibility study into ways of raising won-denominated long-term bonds in the Korean capital market.

A Ministry of Finance and Economy official said, "We welcome the visit of the World Bank staff to look into the Korean capital market but we do not expect the Washington-based multilateral organization to issue bonds here in the immediate future, namely before the end of this year."

In view of the wide differences between interest rates here and abroad, the World Bank may not find it easy to float bonds here immediately, he said, adding, however, that it is natural for the bank to become the second international organization to tap the Korean bond market.

He said the Korean government has "made efforts" to ensure that the ADB successfully floated won-denominated bonds here as it is the first bond issuance by an international organization and the Korean government has made a commitment to allowing ADB to issue bonds here.

His remark indicates that the ADB won-denominated bond issue was not "purely motivated by market-based commercialism" and the ADB's success in the won-denominated bond issuance here was made possible due to the government's involvement.

But he said in the future, won-denominated bond issues by international organizations must have a "pure commercial base." To ensure ADB's success, the government picked the state-run Korea Development Bank [KDB] and its securities subsidiary KDB Securities to underwrite the deal. In the process, ADB raised 80 billion won and converted the local currency into U.S. dollars under the swap agreement. The end result was that the ADB raised 100 million U.S. dollars at a rate 0.1 percent below Libor (London Inter-Bank Offered Rate), far lower than the domestic market rate of 13 percent.

But KDB and its securities subsidiary are exposed to the risk of large losses arising from the Korean-foreign interest rate differential.

Under the five-year financial reform plan, the government committed itself to allowing international organizations such as the ADB, World Bank and European Bank for Development and Reconstruction to float won-denominated bonds from this year. The name "Arirang Bond" was chosen for issues which non-Korean organizations undertake to raise Korean currency.

Student Leaders Begin Kwangju Hunger Strike

SK1309113595 Seoul YONHAP in English 1049 GMT 13 Sep 95

[FBIS Transcribed Text] Kwangju, Sept. 13 (YONHAP) — Fifteen leaders of Namchongnyon or the Federation of Student Councils in the Kwangju and South Cholla Province areas went on a hunger sit-in Wednesday [13 September] afternoon demanding the legislation of a special law regarding the 1980 Kwangju incident.

Namchongnyon Chairman Yi Mong-sok and 14 others of Chonnam National University entered the indefinite hunger strike in their campus at 6 p.m.

About five student leaders of other colleges in the area like Choson, Mokpo and Sunchon Universities will enter similar hunger sits-in by Thursday [14 September], a Namchongnyon source said.

He said the hunger strike will last until their demand for a special law on the Kwangju incident is met.

Prior to the initiation of the sit-in, about 500 Chonnam University students held a rally at their school and staged a violent demonstration along nearby streets demanding the legislation of a special law.

Kim Yun-hwan Urges Generational Shift

SK1509035295 Seoul YONHAP in English 0135 GMT 15 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 15 (YONHAP) — Chairman Kim Yun-hwan of the ruling Democratic Liberal Party (DLP) reiterated Friday [15 September] his call for a generational shift in politics. "Without liquidation of the so-called three Kims' era, we can't expect generational change (in politics), without generational change, we can't end regional rivalries, and with regional rivalries, we can't achieve political development." Kim made the remarks in a speech he delivered at a breakfast meeting of senior newspaper editors held at the press center.

Defining a generational shift and the liquidation of regionalism as the major political objectives the nation must accomplish, he pledged to devote all his political resources to attaining these goals. He opposes, however, a generational change if it is achieved in an undemocratic manner but said, "but if you stand in the way of a generational shift by stirring up regional sentiments and, thus, confrontations in order to fulfill your desire for power, you could hardly be considered a political leader," indirectly lashing out at the two opposition leaders — President Kim Tae-chung of the National Congress for New Politics and President Kim Chong-pil of the United Liberal Democrats. "I myself may belong to the generation to be replaced," he added, "and I think generational change can take place when those to be replaced and those replacing are clearly visible."

Commenting on the coming presidential race in late 1997, Kim said, "The incumbent president is now at the midpoint of his tenure, and I don't think this is the proper time to discuss who will run in the coming presidential election."

As for the relationship between the ruling party and the administration in the latter half of President Kim Yong-sam's tenure, he said the ruling party must have powers and the cabinet must maintain its firm principles and strict discipline. He stressed his party would strive to build a society where "clean wealth" will be respected and the fair distribution of national income will be guaranteed. "We will also build a society where those who work hard will be rewarded properly and the middle class can plan their future without concern for an uncertain tomorrow," he pledged.

DLP Chairman Discusses Presidential Succession

SK1509040095 Seoul YONHAP in English 0258 GMT 15 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 15 (YONHAP) — Ruling Democratic Liberal Party [DLP] Chairman Kim Yun-hwan said Friday [15 September] that potential successors to President Kim Yong-sam is expected to emerge from the forthcoming general elections slated for April next year.

The DLP chairman made the prediction in a question and answer session at a breakfast meeting held Friday at the Press Center in downtown Seoul and sponsorsed by the Korean Newspaper Editor's Association, saying, "A number of potential successors to President Kim Yong-sam are expected to emerge from next year's parliamentary elections."

As to how and when the next ruling party presidential candidate will be chosen, Kim said, "I think the party's presidential candidate should be elected through a competitive vote in the party at a time close to the end of his presidential tenure."

Asked if he will run for president, the DLP chairman replied, "I am not considering becoming a chief executive based on regional background," and declined to elaborate on the matter.

Chairman Kim disapproved of the projections being made for the next presidential candidate by some senior DLP members, saying, "to do so at this time, I think, is of little help to our political situation and to the management of state affairs."

Rep. Choe Hyong-u, a protege of President Kim Yong-sam and a former home minister, and Rep. Yi Han-tong, vice National Assembly speaker, have recently signaled to party members and the public that they are best qualified to be the party's standard-bearer in the upcoming 1997 presidential election.

Asked about a possible constitutional amendment to adopt a cabinet system of government, Kim commented, "Now that Kim Tae-chung, president of the National Congress for New Politics (NCNP), has instituted a presidential system in the NCNP's platform, it would be almost impossible to adopt a cabinet system."

Touching on the DLP nomination of candidates for the upcoming general elections, Kim said that the focus will be placed on men of moral integrity who are able to restore public confidence in politics.

He indicated, however, that priority will be given to those with the best possibility of being elected when he added, "but as politics is a combination of ideals and reality, even men of moral integrity should be capable of being elected."

Querried about possible government-level relief aid to flood- stricken North Korea, Kim said, "It is the nation's sentiment that no government aid should be offered unless it is requested by the North. Therefore, I understand, no government-level relief assistance will be provided unless North Korea formally asks for it."

NCNP Launches 'Political Offensive'

SK1509095495 Seoul YONHAP in English
0633 GMT 15 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 15 (YONHAP) — The main opposition National Congress for New Politics (NCNP) has launched a political offensive against the government in reaction to the recent investigations of its lawmakers on bribery charges.

Rep. Yi Chong-chan, chairman of the NCNP Countermeasures Committee on Oppression of the Opposition, said Friday his party decided to demand that the parliament question some 60 witnesses while probing the administration, with particular attention on the nine financial and business scandals, including those involving Tonghwa Bank, Korea Electric Power Corp., Pohang Iron and Steel Co. and former presidents.

Included on the list of NCNP-wanted witnesses are former Presidents Chon Tu-hwan and No Tae-u, former Defense Minister Yi Chong-ku, former Government Administration Minister So Sok-chae, former Finance Minister Yi Yong-man, former lawmakers Yi Won-cho, Pak Chol-on and Kim Chong-in and incumbent lawmakers Kim Yun-hwan, Kim Yong-il, Ho Hwa-pyong, Ho Sam-su, Yi Sang-tok and Nam Chae-tu of the ruling liberal Democratic Party (LDP).

Also on the list are Reps. Choe Hyong-u, Hwang Myong-su and Song Yong-chun of the DLP and Reps. Kim Pok-tong and Yi Kyong-kyu of the minor opposition United Liberal Democrats (ULD), as well as Prosecutor-General Kim To-on, Vice Prosecutor-General Song Chong-ui, National Tax Administrator Chu Kyong-sok, Hyundai Group Honorary Chairman Chong Chu-yong, Daewoo Group Chairman Kim U-chung and Tong-Ah Group Chairman Choe Won-sok.

Having these people testify, the NCNP will delve into the truth regarding the scandals involving the present and previous governments during the coming parliamentary probe of the Administration, Rep. Yi Chong-chan said.

For this purpose, the main opposition party will call for amendments to related laws, he added, claiming the government has used these laws to conceal the truth.

But the ruling DLP is firmly poised to have the parliament turn down the NCNP's demand, interpreting it as a political maneuver by intended [as received] to stir up anti-DLP sentiment among the voters.

Burma

Article Views Khin Nyunt-Albright Talks

BK1509054995 Bangkok THE NATION in English 15 Sep 95 p A8

[Article by Aung Zaw: "Will Slorc Respond to US Envoy's Ultimatum"]

[FBIS Transcribed Text] There was little in the way of pleasantries last week when Burma's powerful military intelligence chief, Lt Gen Khin Nyunt met the US ambassador to the United Nations, Madeleine Albright, in Rangoon.

The ambassador made sure that the Burmese junta, the State Law and Order Restoration Council (Slorc), understood clearly Washington's position regarding the restoration of democracy and respect for human rights. Albright also urged Slorc's leaders to begin a dialogue with opposition leader Aung San Suu Kyi, who was released in July after spending six years under house arrest.

As he has done to other visiting dignitaries, Lt Gen Khin Nyunt explained the development of the National Convention, which is supposed to draw up a new constitution and set Burma back on the path to democracy. Khin Nyunt described the National Convention as a process for dialogue. Albright dubbed it "phoney," saying it was part of Slorc's long term plan to stay in power indefinitely.

One hopeful sign that emerged from the meeting, however, was Albright's assertion that the junta leaders had hinted they may be ready to talk to "the lady." Speaking at a press conference in Bangkok, Albright said the US was "modestly encouraged" to hear that Slorc was considering talking to Suu Kyi.

Khin Nyunt, however, stressed that the dialogue with Suu Kyi will come only after "internal consultations" within the top brass.

But the question that remains is, exactly what sort of dialogue will take place? Is Rangoon's intention only to appease the public and the world community, or will it be a meaningful dialogue that will lead to the restoration of genuine democracy?

There is still much to suggest that Slorc is less than enthusiastic about the prospect of sitting down with the Suu Kyi-led democracy groups.

An article entitled "Dialogue...Dialogue" that appeared in the Slorc-controlled NEW LIGHT OF MYANMAR [Burma] recently argued that dialogue might not be needed.

"Dialogue...Dialogue...Meet? Talk! Seek a solution at a negotiating table! Don't seek a military solution!

"Very easily said. Very easy to make exhortations. But it is not at all easy in practical terms," the article's author Sithu Nyein Aye asserted.

The writer cited conflicts in Bosnia, the Philippines and Sri Lanka as examples where he said dialogue had failed.

Then he went on to attack the Western bloc and dissidents whom he said had been telling Slorc to open a dialogue.

Referring to Slorc's ceasefire agreements with armed ethnic groups, he said, "No praise, no congratulations and no happiness was expressed from the Western bloc and their political pundits who keep advocating patching up differences through dialogue have kept mum."

The agreements reached between Slorc and ethnic groups — specifically ceasefire agreements, so far offer little guarantee for lasting peace.

Sithu Nyein Aye said the Western bloc and dissidents are turning a blind eye on the biggest dialogue forum consisting of representatives of all national races, of all parties, of all elected deputies, of the peasantry, of workers, of artists and the intelligentsia, of all the strata of people — the National Convention."

He asked: "Are there any other forums more important than the National Convention?"

Far from being representative, however, most of the delegates at the National Convention were handpicked by Slorc. Despite this, they are not allowed to speak out.

Khin Nyunt said to Albright that Slorc had "broad public support" and that the Burmese people "smile a lot."

But Albright, saying she had spent a lifetime studying repressive societies, replied that, such "people often smile not because they are happy, but because they are afraid."

Albright, also had extended meetings with opposition politicians, including Nobel Peace Prize winner Aung San Suu Kyi, and her close associates Tin Oo and Kyi Maung. Suu Kyi has repeatedly expressed a readiness to start a dialogue with the junta. " This is the only way to solve problems," she told the BBC World Service.

Albright said she made it clear to the Rangoon generals that they have two choices: "A choice between its present isolation and reintegration into the international community. As a result of my visit, the Slorc leadership undoubtedly knows what it must do. The choice is theirs." She warned Khin Nyunt that Burma's "isolation would deepen unless concrete steps towards political freedom are taken."

"The sooner the dialogue begins, the better," Suu Kyi has said.

Cambodia

Police Seize 13 Kg Uranium, Arrest Four People

BK1509071595 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 15 Sep 95 p 5

[Report by Thmar Da]

[FBIS Translated Excerpt] Four persons were arrested and 13 kilograms of uranium seized by Phnom Penh police on Tuesday evening at a house in Phsa Thmei 3 ward, Don Penh precint.

A Phnom Penh police official said that after a lengthy investigation, at 1600 on 12 September antinarcotics and Phnom Penh intervention police troops surrounded house No. 214 E2 on road No. 51 (Pasteur Road) in Phsa Thmei 3 ward, Don Penh precinct, for an operation against uranium smuggling. In the operation, four suspects were arrested and 13 kilograms of uranium seized along with an AK-47 automatic rifle.

This source added that out of the four suspected of smuggling uranium, three are military officials. All of them were bought to court on 13 September.

Although the source tried not to reveal details of the backgrounds of the four suspects, it can be assumed that at least three of them could be residents of Koh Kong Province. This is based on the suspicion that the uranium was brought from Vietnam to Cambodia by smugglers with the aim of exporting it to Thailand through Koh Kong.

A Cambodian Interpol official said uranium is a high-priced substance that could be exchanged for opium by black marketeers in Cambodia. Weapons could also be exchanged for opium and sold in Cambodia, or exported to a third country.

[Passage omitted recalling an earlier seizure of nine kilograms of uranium on 27 May and information on the chemical composition of uranium and its use in nuclear weapon production]

Australia To Train Army Personnel in 1996

BK1509105095 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 15 Sep 95 p 11

[FBIS Translated Text] General John Baker, commander in chief of the Australian Army, told Prince Krompreah Norodom Ranariddh, first prime minister of the Kingdom of Cambodia, that Australia plans to accept and train 100 Cambodian Air Force staff in Australia in 1996. Gen. Baker also informed the prince krompreah that Australia will continue to provide more assistance to the Khmer Royal Armed Forces.

Australia also plans in 1996 to give a wide range of assistance to Cambodia in three major sectors, such as training in maritime navigation and radio communication. [sentence as published]

The commander in chief also said that there has been a lot of progress in Cambodia in many sectors since the election a few years ago, including in the armed forces.

The prince krompreah informed the Australian Army commander in chief that the two major parties' current efforts to work together and to cooperate in the National Assembly and in the Royal Government of Cambodia are aimed at establishing political and social stability under the leadership of his majesty the king of Cambodia.

The prince krompreah also raised the Khmer Rouge issue, saying that the Royal Government of Cambodia cannot hold talks with the Khmer Rouge; however, the Royal Government still accepts and recognizes those Khmer Rouge elements who want to return to the Royal Government, to society, and to the nation.

He said that the enemy's desire for talks with the Royal Government means that either the Royal Government is implementing a correct policy or the enemy is getting weak, which is why the enemy asks for talks. Regardless of the places or the countries in which the Khmer Rouge want to hold talks, the Royal Government cannot do it.

The prince krompreah also stressed that Cambodia deeply thanks the Australian Government for providing multifaceted assistance to Cambodia, particularly to the Khmer Royal Armed Forces.

Rebels Call SRV 'Invasion' 'Unacceptable'

BK1509025495 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 14 Sep 95

[Unattributed commentary]

[FBIS Translated Text] Communist Vietnam arrogantly claimed on its radio on 11 September that King Sihanouk had thanked Vietnam for its invasion of Cambodia between 1979 and 1990. This is a fabrication by communist Vietnam that King Preah Norodom Sihanouk has already rejected.

Communist Vietnam sent over 250,000 troops to invade Cambodia in early 1979; shipped more than 50,000

Vietnamese administrators to occupy Cambodia; and waged a war of aggression against the country for over a decade. These are the cruelest and most barbaric acts that violate the principle of international law and the UN Charter. These acts are absolutely unacceptable or unforgivable. The entire Cambodian nation and its people and the entire world are already aware of the brutal and barbaric aggression committed by communist Vietnam. This is why the nation and the people have persistently struggled against the aggressors thus far.

As for the United Nations, it has pronounced strong and resolute condemnations against Vietnam at every UN General Assembly session since 1979. Human rights groups and other international organizations also issue statements every year to expose and condemn the acts of aggression committed by communist Vietnam in Cambodia.

In sum, at all international forums, the invasion of Cambodia by the communist Vietnamese has been exposed and condemned. The aggression can never be exonerated.

Now, communist Vietnam has announced that King Sihanouk is grateful for the communist Vietnamese invasion of Cambodia and so on. Neither Cambodia nor the world can condone that. No newspaper, book, or review can endorse that. Presumably, only the nation-betraying and nation-selling guys, such as Hun Sen and his cronies — who are communist Vietnam's lackeys — are willing to say that Vietnam came to help Cambodia. As for the Cambodian people in Phnom Penh and the countryside as well as those living abroad, they have been opposed to the race-exterminating communist Vietnamese aggressors. They are struggling to smash the aggressors and the communist Vietnamese lackeys, like Hun Sen, Chea Sim, Sar Kheng, and other nation-selling traitors, who are currently trying to kill the Cambodian nation and people.

Khmer Rouge Claims Ieng Muli Serves Vietnam

BK1509105395 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 14 Sep 95

[Unattributed commentary]

[FBIS Translated Text] The Buddhist Liberal Democratic Party of His Excellency Son Sann recently issued a statement that it has decided to hold a congress on 1 October to reach a compromise aimed at ending a squabble within the party. Nevertheless, this guy named Ieng Muli has objected, arguing that his group has already dismissed Son Sann and some other members from the party and that Son Sann can no longer use the party's name or emblem or hold a party congress.

Who ordered Ieng Muli to act like that? It was Hun Sen and communist Vietnam. Why do Hun Sen and communist Vietnam need to order Ieng Muli to act this way? It is because they want to have all national forces completely eliminated. They only need to retain those who bow and scrape as their lackeys, like this surly dog named Ieng Muli.

Hun Sen and communist Vietnam employ only those who are willing to implement the communist Vietnamese policy of wolfing down and swallowing Cambodia. They act in an extremely dictatorial and fascist manner against the people, the masses, and all the nation-loving journalists, individuals, and political personalities who want peace, the termination of the communist Vietnamese aggressors, and national reconciliation.

It should be recalled that Ieng Muli is purely a child of the United States. Once he joins the two-heads, however, he becomes—like Ranariddh—the third or fourth-class child of Vietnam and a second or third-class brother of the most despotic, fascist, traitorous Hun Sen. Does he think that he is acceptable? No single Cambodian can accept him. The people and masses in both Phnom Penh and the countryside say his action is only intensifying the squabble and aggravating the crisis [words indistinct]. The opposing forces are only waiting for the opportunity to smash his head.

Indonesia

Article Warns of China's 'Expansionist Tendency'

BK1509103295 Jakarta MERDEKA in Indonesian 15 Sep 95 p 6

[Article by Dr. H. Ruslan Abdulgani, permanent representative of the Republic of Indonesia to the United Nations, political observer, and former minister of foreign affairs: "To Be Vigilant Against China's Future"—italicized passages published in English]

[FBIS Translated Text] *"China is the oldest continuous major world civilization. Records date back 3,000 years. However, China has undergone a metamorphosis as great as any modern power... If China continues along the capitalist road, it could eventually threaten economic Japanese leadership in the 21st century.*

... The long-term course is set. China cannot go back. It cannot stay where it is for very long. The great giant has been unleashed." (John Naisbitt in his book "Megatrends 2000: The New Directions in the 1990's" published in 1990)

Naisbitt's Predictions

John Naisbitt, a "futurologist" or "scientific forecaster of the future," gave lectures to various circles during his recent visit to Indonesia. In his lectures, he repeated his various "predictions."

One of his predictions is about the 21st century and the Pacific century. China is likely to play a dominant role in the Pacific century. Japan will not.

In his book entitled: "Megatrends 2000: The New Directions in the 1990's" published in 1990, as I quoted above, Naisbitt said: China is the oldest continuous major world civilization. Records date back 3,000 years. However, China has undergone a metamorphosis as great as any modern power.

Naisbitt also said: China is moving toward capitalism. If China continues along the capitalist road, it could eventually threaten Japan's economic leadership in the 21st century. He concluded that China's long-term political course is set. China cannot go back. It cannot stay where it is for very long. The great giant has been unleashed.

This is one of Naisbitt's predictions.

Women's Issue

Indeed, China is at the center of world attention. The fourth UN Conference on Women is taking place there. Women leaders from 180 countries are present. Thousands of women from all over the world are meeting there. The current role of women can no longer be ignored.

Naisbitt said in his newest book entitled *"Megatrends for Women"* published in 1994 that women are actively reforming the world. *"Women are changing the world."* Such a phenomenon is also taking place in China.

In the meantime, we must observe the stability of the Chinese society itself, which will be very important for progress.

Symbiosis With Overseas Chinese

China's domestic stability has been relatively good. China's economic growth is high. China's businessmen have moved overseas. No less than 4,500 Chinese companies have conducted business activities overseas. Their investment capital has topped U.S.$5.2 billion. Several Chinese companies are among the top 500 in the world. These figures were quoted from a report by the *"Multicorporation Research Institute"* in Shanghai last year.

In addition, there is an economic and financial symbiosis between China and 55 million overseas Chinese scattered in the Asia-Pacific region.

Sterling Seagrave predicts in his newest book entitled *"Bords* [as published] *of the Rim,"* which talks about economic and financial kings in the Pacific basin, that the 55 million overseas Chinese possess U.S.$450 billion worth of GDP. They control an invisible economic and financial empire. "The invisible empire of the overseas Chinese" is a term used by Sterling Seagrave.

Political Behavior

In the meantime, China's political behavior over the past few years has pointed to an expansionist tendency, mainly in a southward direction. China is primarily interested in the South China Sea, where the oil-rich Spratly Islands are located.

In addition, China has questioned our sovereignty over the natural gas-rich Natunas Islands. The Natuna Islands have been included in China's territorial waters in various new maps published by Beijing.

Understandably, China's expansionist tendency has led to vigilance, concern, and distrust. ASEAN has become vigilant against China, even though China's claim is still embryonic. Moreover, Vietnam has no longer been a *"buffer"* between China and Southeast Asia since its entry into ASEAN. The new development is expected to deepen the gap between China and its southern neighbors.

Various Conflicts

China is still embroiled in various border conflicts with India, Japan, and Russia. Its relations with the United States have been characterized by tension over human rights.

According to the magazine *"THE ECONOMIST"* published in London in May 1995, *"ASEAN's quiet days are over."*

Is the Conclusion True?

We do not know. However, ASEAN, including Indonesia, is indeed expected to be aware of a new dynamism that is unfolding to the north of our region. After radiantly celebrating the 50th anniversary of the declaration of our independence, in general we should all be aware of the new dynamism; this is true of the younger and succeeding generation in particular. Let us not be complacent!

Dili Rioters To Face Legal Action

BK1509053095 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 15 Sep 95

[FBIS Translated Text] Major General H.A. Rivai, commander of the Udayana Ninth Regional Military Command, said rioters who destroyed Dili's Komoro market will still face legal action. Speaking to reporters in Dili yesterday, the commander said the rioting had harmed the interests of small businessmen, and so the perpetrators will face legal action no matter who they are.

Maj. Gen. Rivai, who assumed the post of the Udayana Regional Military Command last Monday, quoted President Suharto as saying that the recent Dili incident was a SARA [ethnic, religious, racial, and intercommunal]-related incident, which should not have happened if all Indonesian people firmly believe in national unity.

Replying to a reporter's question on the presence of Brimob [police special brigade] personnel in East Timor, Maj. Ge. Rivai said their presence is to fill in the vacumn caused by the recent withdrawal of two Army territorial batallions. Brimob personnel are needed to maintain security and order in the province.

Philippines

President Establishes Aviation Security Office

BK1509103895 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 15 Sep 95

[FBIS Translated Text] President Fidel Ramos has created the National Civil Aviation Security Office to tighten security at the country's airports. According to Air Transportation Office Director Panfilo Villaruel, Jr., Ramos was alarmed by the result of the inspection conducted by representatives of the U.S. Federal Aviation Administration.

It should be recalled that the FAA gave security at Ninoy Aquino International Airport a conditional rating, less than the highest approval rating that was given by the International Civil Aviation Office.

Secretary Rejects 'Immediate Exit' From IMF

BK1509120395 Manila MANILA STANDARD in English 14 Sep 95 p 13

[Report by Estefania S. Ermita]

[FBIS Transcribed Text] Finance Secretary Roberto de Ocampo yesterday said the Philippines would continue to surpass the targets set by the three-year economic program the Ramos administration has entered into with the International Monetary Fund (IMF), but ruled out any immediate exit from the IMF program.

"If we continue surpassing the targets, we could propose exiting earlier. But I prefer to be conservative about it. I think in terms of looking into the three-year Extended Fund Facility [EFF], which is in its midpoint, as the time frame for exiting from the IMF program," De Ocampo said.

Fiscal discipline

De Ocampo did not give specific reasons for his conservative posture, but indicated that he wanted to put the house in order, especially full cooperation between the Executive Department and Congress to impose fiscal discipline for the country.

The country has an existing three-year exit program with the IMF that runs until June 1997. The Ramos administration has entered into this program in exchange for a loan of 474.5 million in special drawing rights (SDRs), or about $650 million.

The Ramos administration, represented by the country's economic managers led by De Ocampo and Bangko Sentral [Central Bank] Governor Gabriel Singson, completed with the IMF in Washington late last month the first review of the three-year economic program.

Press reports said the revised Memorandum of Economic and Financial Policies (MEF), the document that contains the policy commitments of the Ramos Government to the IMF, was awaiting approval of the IMF's board of directors.

Earlier reports quoted Singson as saying that an early exit from the IMF program was possible as long as the Philippines fulfills the promised structural reforms, particularly the enactment of tax reform measures.

Not too long

While De Ocampo did not deny this possibility, he explained that the remaining one-and-a-half years of the program "is not exactly very long" and that it would be preferable to finish the program in its allowable time frame.

Earlier press reports said the country's economic managers have virtually laid down the groundwork for an early exit by not drawing the second tranche of the EFF funds worth around $140 million. The issue, however, is not how to fulfill the requirements set by the IMF, but mainly how to keep in financial shape the moment the country gets out of the program.

De Ocampo also said exiting from the program would be a tremendous advantage for the Philippine economy since this would finally signal that the country is moving towards full economic recovery, thus making it a major destination for foreign investments in Asia.

"Indeed, the country is moving towards NIC [newly industrialized country]-hood within the context of a democratic setting, thus making it a development model for Third World countries," he said.

HK [Hong Kong] investors

De Ocampo said the return of Hong Kong to China in 1997 is an opportunity for the economy to invite the Hong Kong investors to relocate in the country. Taiwan, he said, is also looking into the possibility of shedding its image as an "island economy" by transferring its investments to other countries, notably the Philippines.

Japan would continue over the next two years to transfer its investments to other countries primarily to offset the adverse effects of the strengthening of the yen. This is to revive its economy and to look for more opportunities to make its industries more competitive, De Ocampo explained.

American and Malaysian investors are equally bullish about the Philippines as shown by the growing presence of a number of American and Malaysian firms in the country, he said.

"The Philippines has been under IMF programs for decades. It was so because we needed unconventional external financial assistance to prop out a weak economy or an economy that was going on a roller coaster kind of ride," De Ocampo said.

"Exiting (from the IMF program) means we have transformed the economy away from being a weak one to a strong one. We have transformed our growth pattern from one that is roller coaster to one that is sustained," he added.

Cabinet Approves 1996-2025 Energy Plan

BK1409122295 Manila BUSINESS WORLD in English 13 Sep 95 p 2

[FBIS Transcribed Text] President Ramos yesterday led his cabinet in approving in principle the proposed P [pesos] 6.66- trillion Philippine Energy Plan for the period 1996 to 2025.

An official Palace statement says the plan aims to ensure the availability and affordability of energy to consumers and ensure energy security for unhampered economic development.

Energy Sec. [Secretary] Francisco Viray said the plan involves six main programs: P2.51 trillion for energy resource development, P2.95 trillion for power development, P670 billion for renewable energy development, P400 billion for downstream oil deregulation, P80 billion for electrification, and P50 billion for energy efficiency projects, besides power industry deregulation and restructuring, natural gas development, and electricity rates rationalization.

The plan indicates that the private sector is expected to shoulder some P5.9 trillion, or roughly 87% of the total amount.

Thailand

Discussion of Drug Probe Committee Continues

Banhan Justifies Appointment

BK1409131895 Bangkok Radio Thailand Network in Thai 1200 GMT 14 Sep 95

[FBIS Translated Text] Prime Minister Banhan Sinlapaacha said the appointment of a public hearing committee to gather evidence and facts pertaining to the U.S. drug trafficking allegations against some Thai politicians will have no impact on good relations between the two countries.

[Begin recording] [Banhan] We have to see the evidence. After its appointment, the committee will decide what to do. I cannot tell you now. I believe that it will convene a meeting soon.

[Unidentified reporter] The committee will not be able to...

[Banhan, interrupting] The committee will gather information and evidence.

[Unidentified reporter] What action will be taken if the committee rules that a person is guilty?

[Banhan] I cannot answer this question now.

[Unidentified reporter] If the name of the committee implies investigation of drug trafficking charges, there will be no criticism.

[Banhan] This is not a problem because we have set the objectives of the committee. The name is not important.

[Unidentified reporter] It started with the problems of Narong and Watthana. People think that the government wants to...

[Banhan, interrupting] We talked about this issue even before the general election. Even as part of the opposition bloc, we called for the appointment of a committee to provide justice to all parties. If a person is not guilty, we must clear his record. If he is guilty, he must be prosecuted. [end recording]

Probe To Boost Reputation

BK1509031895 Bangkok THE NATION in English 15 Sep 95 p A3

[FBIS Transcribed Text] Cabinet members yesterday defended the "fact-finding" panel looking into US drug allegations against Thai politicians, claiming its conclusions would boost the country's reputation.

They said the panel would be a fair forum for people who were accused without grounds of having links to drug trafficking. They denied that the committee's main purpose was to clear allegations against Chat Thai members Narong Wongwan and Watthana Atsawahem.

They claimed all the committee's actions would be straightforward because its members were "neutral" people.

Prime Minister Banhan Sinlapa-acha this week set up the committee, chaired by former foreign minister Thanat Khoman, to probe US drug allegations against Thai politicians.

Its members include Gen Charan Kunlawanit, secretary of the National Security Council; Khanit na Nakhon, attoney general; Pol Gen [Police General] Phot Bunyachinda, police director general; and Pol Gen Chaowalit Yotmani secretary of the Office of the Narcotics Control Board.

Deputy Prime Minister Samak Sunthorawet said it was reasonable for the government to form the committee. He claimed that none of the 12 members was a member of any political party.

He said Thanat agreed to head the panel because he thought "the US has wrongfully exercised its international power".

According to Thanat, US authorities have accused at least 10 Thai politicians of involvement in the narcotics trade or having links to drug traffickers. He has demanded Washington reveal evidence to support the allegations.

Samak also said the US should provide supporting evidence. He said the panel would not decide innocence or guilt. It would only submit information to Banhan.

When reporters suggested that the US allegations involved individuals, in particular Watthana and Narong, not Thailand as a whole, Samak said: "Do you think the issue has not adversely affected the country. Do you feel nothing about the US allegations? Is Thailand a colony of the US?"

He said the US should not insult Thailand. The committee would improve the country's reputation.

"You are Thais. Do you know that the US is insulting us? The Foreign Ministry should announce that certain US citizens will be denied entry visas to Thailand because they are involved in the drug trade with Khun Sa," Samak said. "We will not give the US our evidence, even if they ask for it. Then how will they feel?"

Samak said Narong and Watthana were innocent because they had not been tried in court. He claimed that the allegations against them were a political game.

Asked what to do if the panel found the two Chat Thai executives innocent, but the US did not accept the findings, Samak said: "Is the US Thailand's father? It's a pity that certain groups of Thai people feel nothing about what the US has done to Thailand, which is an independent country."

Deputy Prime Minister Thaksin Chinnawat said those accused by the US had not been treated fairly. The US had should not make groundless accusations.

"In a democracy, the accused are considered innocent until charges against them are proven," he said.

He said US immigration authorities had the power to refuse to an entry visa to anyone, whether they had sufficient reason or not. However, if US authorities wanted to formally bring criminal charges against Narong and the Watthana they must have evidence.

Thaksin said the committee would investigate the allegations. He denied that the panel would benefit the politicians, particularly Narong.

He said the government would tell the public if the US refused to give information to the committee.

Deputy Prime Minister Sombun Rahong also denied that the government formed the committee to clear the allegations against Watthana and Narong.

He said the committee's formation would not cause conflict between Thailand and the US. Its members would perform their duty in a straight-forward manner because all of them were widely respected by the public.

Deputy Interior Minister Suchat Tancharoen said the government did not appoint Cabinet members to the committee because they could be accused of trying to help fellow politicians.

Minister Confident of Cooperation

BK1509050895 Bangkok BANGKOK POST in English 15 Sep 95 p 3

[FBIS Transcribed Text] The United States will eventually decide to share information with Thailand on its drugs allegations against certain Thai politicians, says Foreign Minister Kasemsamoson Kasemsi.

"Want to place a bet on it?" was M.R. Kasemsamoson's comment to reporters.

He told them he was optimistic that the U.S. government would decide to forward the information "one way or another, according to its own way of doing things."

He did not elaborate, but cited an experience when he was permanent secretary at the Foreign Ministry.

He was mediating between the U.S. government and Khmer Rouge leader Khieu Samphan, under a United Nations-recognised tripartite coalition government.

He recalled that at one point Samphan was critically ill with malaria, and the medicine that could help him was only available in the U.S..

M.R. Kasemsamoson said he asked for the medicine from the U.S. government and got it.

"The U.S. government told me it would be wrong to give the medicine to Khieu Samphan. But they were able to give it to me, and it didn't matter whom I gave it to later on," he said.

But when he met Samphan shortly afterwards and asked whether he he had taken the medicine, Samphan said he had not, for the reason that he did not trust the U.S. government.

On the question of the public hearing committee, M.R. Kasemsamoson said he supported the idea.

Every Thai who found himself up against allegations had the right to have his or her name cleared through recognized mechanisms, he said.

Meanwhile, a senior official at the Foreign Ministry suggested that it might be a useful "face-saving" measure to use channels with which the U.S. felt comfortable.

The U.S. might not be able to cooperate with the Thai government through existing direct channels, such as through the public hearing committee and other indirect channels might be preferable, the official explained.

M.R. Kasemsamoson might serve as such a channel, or Permanent Secretary M.R. Thep Thewakun, who is a member of the committee, the official said.

M.R. Kasemsamoson is due to accompany Prime Minister Banhan Sinlapa-acha on two visits to the U.S. soon to attend the UN General Assembly at the end of the month, and again in October to commemorate the UN's 50th anniversary.

The panel examining U.S. allegations that some Thai politicians have been involved in drugs trafficking should limit itself to finding the facts.

This is the message of two prominent members of the committee, the secretary-general of the Judicial Affairs Office, and the Supreme Attorney-General.

Charan Phakdithanakun and Kanit na Nakhon stated firmly yesterday that the purpose of the public hearings committee was not to clear anyone of the accusations.

Critics argue that the committee has been formed specifically to clear the names of Chat Thai chief adviser Narong Wongwan and Chat Thai deputy leader Watthana Atsawahem.

But Charan said the panel was not obliged to say whether anyone was "cleared".

"The committee's duty is to find the facts, which are still obscure, and not to clear the names of certain people," Charan said.

The committee would not say that the accused persons were guilty or not guilty, he said.

Rather, it was duty-bound to find the facts and report them to the prime minister.

Its findings did not have any legal implications. The committee's assignment had nothing to do with the legal or judicial systems, he said.

Some say the government brought judicial officials onto the committee to act as guarantors for its own people.

But Mr Charan said members of the committee must be truly independent and neutral.

"If the committee's work shows a lack of independence and neutrality, and I believe other members, will resign," he said.

He said he had accepted the appointment only to help find out how to end the controversy.

Mr Kanit declined to comment on whether the establishment of the committee was suitable, saying it was his duty to follow the prime minister's order.

The question of suitability should be raised with the prime minister, who set up the committee, he said.

Mr Kanit said he had no idea whether the committee would specifically consider the cases of Narong and Watthana.

Article Criticizes Probe

BK1509035095 Bangkok THE NATION in English 15 Sep 95 p A4

[Article by Thepchai Yong: "What Thai 'Dignity' is Thanat Talking About"]

[FBIS Transcribed Text] The zeal with which Prime Minister Banhan Sinlapa-acha is trying to absolve two of his political associates from US drug charges is amazing. It's probably the only political vow made upon taking office that he seems to be fulfilling.

The contempt which greeted the 12-member panel the moment it was unveiled on Wednesday leaves little doubt as to what credibility it has. Whatever Banhan's real intention, his latest venture only reinforces belief that he is out to whitewash scandals involving Watthana Atsawahem and Narong Wongwan of his Chat Thai Party.

The two politicians are barred from entering the United States on suspicions that they are involved in drugs. The charges against them are the biggest hurdle between the two and the Cabinet posts they are clamouring for.

Col Thanat Khoman, a Cold War warrior who has turned to be a staunch critic of the US, according to Banhan is a "perfect" choice as chairman of the panel. If his jaundiced views toward the Americans are any indication, they are an assurance that Watthana and Narong will get a very sympathetic ear in the process of the inquiry.

Just hours after Thanat was named head of the Commission of Inquiry — as the panel is referred to in English — the former foreign minister started dropping hints as to what his "mission" is going to be. He branded the US drug charges against Watthana and Narong as an " American interference" in Thai domestic affairs and a "violation of Thai sovereignty".

The exact scope of the authority of the commission is still unclear. And its purpose is even more questionable. Judging from the circumstances surrounding its inception, the panel appears to be simply a self-serving political tool invented by people eager to get the political career of the accused back on track. As long as the drug allegations continue to hound the two, Banhan will find it difficult to justify their appointments to his Cabinet.

Initially, the drug charges might have provided Banhan with an expediency not to take on the unnecessary political baggage while he was struggling to deal with the question of the credibility of his coalition. But Watthana and Narong, having been left out in the cold the past two months, are apparently finding their patience running out and are out to stake their claim. A positive finding by the Thanat commission is exactly what they need as the shortest route to power.

Thanat was either too naive or too preoccupied with his anti-American feeling when he declared he intended to use the commission to defend the "dignity" of the Thai people against unfair treatment by the Americans.

The former Democrat leader appears genuine in his belief that he is doing this country a great service by attempting to destroy the credibility of the US through his handling of the drug scandals. And he definitely finds an ally in another commission member, Gen Charan Kunlawanit, the secretary of the National Security Council, whose hostile views toward Washington are well known among journalists.

The Americans have already poured cold water on the Thai-initiated investigation, making it clear they want no part in it. They maintain that information about drug charges against the two Thai politicians is classified and cannot be shared with Thai authorities.

The US stand will undermine the credibility of whatever findings the Thanat panel will come up with. But Thanat appears optimistic, hoping that in the worst case scenario he can turn the tables on the Americans even if he cannot convince them to remove Watthana and Narong from the blacklist. How he will be able to do that is anybody's guess.

Even before the commission gets down to work, nobody expects it to come up with any hard evidence implicating the two politicians. The Thai police and anti-narcotic authorities have declared time and again that they have had no information on their alleged crime.

Other domestic sources of information concerning these two cases are also out of the question. Without American cooperation, the commission's findings are already predictable. And it is highly questionable whether evidence dug up by the commission will lead to prosecution under Thai law.

For the Thai people, however, a guilty or innocent verdict is irrelevant. What counts is how Thai public and international opinion is respected by Banhan.

A whitewashed Watthana or Narong will still be viewed under clouds of suspicion — not to mention the likelihood that their names will remain on the US blacklist for a long time to come.

Thanat claims he has a mission to find a face-saving way out for the Americans in the event they cannot supply evidence to substantiate their charges against the Thais. But considering the attitude he has displayed and the administration's hidden agenda, he may end up creating an atmosphere of even greater confrontation between Bangkok and Washington at a time when Banhan and his Cabinet are in desperate search of credibility and recognition.

Whether Thanat wants to admit or not, the "way out" he is trying to look for is definitely not intended for the Americans but more for the Chat Thai politicians seeking justification for their two key party members to claim their political spoils.

Contrary to what Thanat wants to believe, no decent Thai citizen feels the country's dignity is at stake over the drug charges. And Thanat's self-assigned mission to fight for the Thai people's dignity is certainly uncalled for.

If the people do feel indignant, it is definitely not at the Americans' harsh treatment of a handful of Thai politicians — but the way their opinions are trampled under the feet of politicians. And the Thanat commission does nothing to make us feel more dignified.

Editorials View Formation

BK1409132295

[FBIS Editorial Report] Bangkok MATICHON in Thai and Bangkok NAEO NA in Thai on 14 September publish an article and editorial respectively commenting on the appointment of a committee by Prime Minister Banhan Sinlapa-acha to investigate U.S. drug charges against Thai politicians.

MATICHON's 300-word article on page 2, entitled: "An Ad Hoc Court or a Political Farce?" says: "Prime Minister Banhan Sinlapa-acha was pressured by the Thoet Thai and Pak Nam factions to appoint the Public Hearing Committee to investigate the U.S. drug trafficking allegations against Narong Wongwan, leader of the Thoet Thai faction, and Watthana Atsawahem, deputy leader of the Chat Thai Party.

"The Thai Government has encountered numerous difficulties in its attempt to obtain evidence from the United States. Thus far, nobody can tell if that country has any evidence to substantiate its allegations."

The article notes: "If the committee is unable to gather evidence to incriminate the two, then it is assumed that they are innocent before the law. Is the committee ready to serve as an 'ad hoc court' simply to issue a not guilty verdict for someone whose image might not suit the people in the entire country?

"In short, this committee is nothing but a political 'tool.' The innocent by its ruling might be someone who has a stained image in the eyes of the people."

NAEO NA's 400-word editorial on page 3, entitled: "Prime Minister Banhan, A Man Who Always Keeps His Word," states: "Thai politicians and people begin to realize that Prime Minister Banhan Sinlapa-acha is really a man who never fails to keep his word. Everyone knows that Banhan earlier promised to appoint the leader of the Thoet Thai faction interior minister if the faction won many seats in the House, and if his Chat Thai Party could form a coalition government."

The editorial continues: "Despite the fact that the Thoet Thai faction leader was elected to the House, Prime Minister Banhan was still determined to keep his word because the Constitution does not prohibit a non-elected person from being appointed a cabinet member. However, just before the formation of the Chat Thai-led cabinet, the U.S. State Department announced that the United States had evidence that some people to be appointed to the new Thai cabinet were involved in drug trafficking, and that their appointment could even lead to the derecognition of the new government.

"Now, Prime Minister Banhan has reportedly found a way to keep his promise and help his colleagues. A committee has been appointed to investigate the U.S. drug charges against the Thoet Thai faction leader and his politician friend [Watthana Atsawahem]. The committee is to be chaired by a former foreign minister.

"The prime minister's idea has drawn much criticism from technocrats, opposition politicians, and the general public who believe that the committee will be unable to gather any evidence in the country against the two persons since both are so influential at home. Meanwhile, the United States, as everyone knows, has refused to provide any evidence to substantiate its charges either. The only way to prove their innocence is to stand trial in a U.S. court.

"One wonders whether the United States would listen to the committee if it rules that the two are innocent. Does the verdict have any legal support or will the government enact a special law for this purpose? Is the committee trustworthy in the eyes of the Thai people? Is the appointment of this committee aimed at paving the way for the two politicians to be included in the upcoming cabinet reshuffle? It is doubtful whether the United States would recognize the two ministers to-be and grant them entry visas."

Officials Discuss Benefits of AFTA Tax Cuts

BK1509052895 Bangkok THE NATION in English 15 Sep 95 p B1

[FBIS Transcribed Text] Senior commerce officials yesterday called for a tariff reduction to below 20 per cent in order to enjoy tax privileges under the Asean Free Trade Area agreement. [AFTA]

"The Finance Ministry should accelerate the schedule for tariff cutting so as to enjoy AFTA tax privileges since the rate is still above 20 per cent," said Karun Kittisathaphon, deputy permanent secretary to the Commerce Ministry, at the seminar on Export Opportunities in Asean Markets.

Under the AFTA tax reduction scheme, member countries must reduce their tariff rates to 20 per cent or below before exporting countries can enjoy tax privileges from importer countries.

Warawara Intharaprasit, ministerial counsellor to Singapore, also shared Karun's view and said that Singapore at the moment benefits greatly from Asean because tariff rates are very low, averaging 0-5 per cent.

However she said that Thailand will gain more in the final period of the AFTA agreement when tariffs are due to be cut to between zero and five per cent by 2003.

She has persuaded the government to accelerate the schedule on tariff cuts for items where tariff rates are still above 20 per cent to below the 20 per cent level.

The tax cut acceleration may cause negative impacts on medium and small-scale Industries, because they may lack capital to invest in new technology or to buy machinery to increase competitiveness.

The government should set up a fund to support these kinds of business to help them survive.

She said that the Singapore government has already launched the Local Enterprise Plan 2000, which provides support to medium and small-scale businesses.

The Singapore government has also actively supported the private sector to invest in third countries where there are plenty of natural resources and low labour costs, for example India, Pakistan, Vietnam, Burma, Laos and Cambodia.

Singapore competes with Thailand both in Asean and around the world, she said.

Singapore now exports products from countries where it has invested back home and also to other countries around the world.

And when Burma, Laos, and Cambodia become Asean members, Singapore could use its production bases in these countries to export intra-Asean, she said.

Thailand, since it has the advantage of its geographical location, should invest quickly in neighbouring countries and learn from Singapore's strategy, she said.

Thailand should also increase bilateral trade with Singapore and use this as a gateway for exporting to countries around the world, she added.

Thamrong Intharamisap, ministerial counsellor to Indonesia, said that Indonesia is very promising for Thai exporters due to its continued economic growth, its macro-economic stability and the increased purchasing power of the new middle class.

Meanwhile, Chaloemlap Chuaiprasit, field crop research department manager of Bunrot Brewery, said the company is now eyeing Asean countries as potential markets for fruit exports since in the past the company has focused much of its attention on Europe and the Middle East.

He claimed that over the past three years Bunrot has been very successful in exporting fruit to Indonesia.

He disclosed that despite the high price of Thai fruit its high quality compensates and sales figures have been good in Jakarta.

Investment in Malaysian High-Tech Urged

BK1509045195 Bangkok BANGKOK POST in English 15 Sep 95 p 17

[FBIS Transcribed Text] Malaysia's International Trade and Industry Minister, Datuk Sri Rafidah Aziz, yesterday urged Thai businesses to invest in higher-technology industries in her country.

Datuk Sri Rafidah, who is heading a trade mission of about 40 members to three ASEAN countries, was speaking at a seminar on business opportunities in Malaysia organised jointly with the Thai commerce, industry and banking associations.

While the Malaysian Government is urging its business community to invest in labour-intensive industries in Thailand, the Philippines, China, Vietnam and Burma, it also wants to see neighbouring countries invest more in Malaysia, she told about 200 participants.

She said Malaysia is no longer competitive in labour-intensive industries. It is, therefore promoting high-technology investment. Under ASEAN's newly agreed policy for liberalising services trade in the region, investment opportunities could also open up in these sectors, she added.

Malaysia's current investment promotion programme targets: aerospace, advanced electronics, biotechnology automation and flexible manufacturing systems, electro-optics and non-linear optics equipment/instrumentation, opto-electronics, advanced materials, alternative energy sources and software engineering.

Companies investing in these activities are allowed five years of 100 percent relief from corporate income tax or an investment tax allowance of 60 percent on capital expenditure.

Regulations covering the employment of foreign scientists and skilled personnel are also more flexible, as are those concerning opening bank accounts in foreign exchange.

Malaysia also cut its corporate income tax rate from 32 percent to 30 percent this year. Foreign investors are allowed to own up to 100 percent of equity in projects producing substantially for export.

According to Malaysian figures, from 1990 to July 1995, 23 Thai projects received investment approval in Malaysia, totalling U.S. $17.29 million (430 million baht) mainly in rubber products, food manufacturing and textiles.

Malaysian investment in Thailand during 1991-94 is estimated at U.S. $672.8 million, according to Thai Board of Investment figures. Investment sectors included auto parts, electrical and electronic products, plastic and rubber products, and tourism.

One of the messages the Malaysian mission is trying to spread in its tour of Thailand, Indonesia and the Philippines is that liberalisation in ASEAN is making the seven countries as a group more attractive and more competitive.

Malaysia says it wants to "widen and deepen" trade and investment relations with ASEAN countries.

The Malaysian Government argues that the 8 percent growth in world trade expected this year is mainly because of trade liberalisation in developing countries and the creation of regional free-trade areas such as ASEAN's.

"In this respect, healthy competition among ASEAN members in attracting foreign direct investment and liberalising trade will be beneficial to all member countries," Datuk Sri Rafidah's prepared text said. "ASEAN member countries will reap the benefits of a larger regional market and access to lower-cost inputs."

Number of Refugees Repatriated to Laos Declining

BK1509063395 Bangkok BANGKOK POST in English 15 Sep 95 p 3

[FBIS Transcribed Text] The number of Laotian refugees volunteering for repatriation from Ban Napho camp has dropped sharply, the Foreign Ministry said yesterday.

Rumours of opportunities for resettlement in the United States are thought to be the cause of the reluctance of the refugees to go home.

Between January and July this year, only 1,846 refugees agreed to be voluntarily repatriated, an average of only 1OO a month.

The figure falls short of an earlier projection that 5,000 or more refugees would be repatriated by the end of the year.

The Ban Napho camp in Nakhon Phnom was officially closed last year, but 5,005 Laotian refugees remain.

Ninety per cent of them are Hmong.

The rumours that they might be resettled in the United States follows a draft law proposed by a U.S. congressman.

The Deputy Secretary-General of the National Security Council, Khachatphai Burutphat, told the refugees during his visit last month that the rumours were not true.

He said the U.S. administration continues to comply with the UN High Commissioner for Refugees' "Comprehensive Plan of Action" which is to be concluded at the end of the year.

"After the Ban Napho camp was closed last year, the status of these refugees would be that of illegal immigrants. Therefore, the Laotian refugees have only one choice — accept voluntary repatriation," Khachatphai was quoted as saying.

He urged the refugees to return now before international assistance for repatriation dries up, as "the world has other crises to deal with".

The Foreign Ministry denied rumours that the Thai government may consider granting citizenship to the refugees.

Some of the refugees have been transferred to the Sikiew camp in Nakhon Ratchasima. They will be moved to Phanat Nikhom camp in Chon Buri where they will await resettlement.

Vietnam

Indonesian President Promotes Ties, Cooperation

BK1409161895 Hanoi VNA in English 1524 GMT 14 Sep 95

[FBIS Transcribed Text] Hanoi VNA Sept. 14 — The development of the cooperation and friendship between Vietnam and Indonesia is not only the duty of both governments but also the duty of the legislatures and people of the two countries, Indonesian President Suharto said while receiving the Vietnamese National Assembly [NA] chairman in Jakarta today.

Chairman Nong Duc Manh, who is leading a high-ranking delegation of the Vietnamese NA, on visit to Indonesia arrived in Jakarta on Sept. 11.

Appreciating the significance of the Vietnamese NA chairman's visit, President Suharto said this visit would further increase the mutual understanding and promote the traditional friendship and cooperation between Vietnam and Indonesia. Indonesia is ready to share its experience with other countries including Vietnam in order to draw a good lesson in national development, he said.

After welcoming Vietnam's joining in ASEAN, the Indonesian president stated that it is our ASEAN-member countries' responsibilities to live up to the groups principles in order to build it into a region of peace, independence, cooperation and development.

Chairman Manh, in his reply, expressed his strong belief that the bilateral time-honoured friendship, solidarity and cooperation would be constantly consolidated and developed. He thanked the Indonesian legislature, government and, especially the H.E. President, for their support and assistance to Vietnam's struggle for national independence in the past as well as the present national construction and defence.

Also present at the reception was chairman of the Indonesian People's Consultative Assembly H. Wahonoln who had given a banquet in honour of Chairman Manh, his wife and entourage.

Following the Indonesia visit, the Vietnamese N.A. chairman will visit Singapore where he will attend the 16th congress of the ASEAN Inter-Parliamentary Organisation (AIPO). At the congress the Vietnamese NA will be admitted to the AIPO as its seventh member.

Chief of Staff of Indonesian Armed Forces Visits

BK1409160295 Hanoi VNA in English
1454 GMT 14 Sep 95

[FBIS Transcribed Text] Hanoi VNA Sept. 14 — The chief of staff of the Indonesian Armed Forces General Feisal Tanjung arrived here yesterday beginning his official visit to Vietnam. The visit was made at the invitation of Deputy Defence Minister Senior Lieutenant General Dao Dinh Luyen.

The Indonesian guests were welcomed at the guest house of the Ministry of National Defence by Mr. Luyen and other high ranking military officers. Mr. Luyen expressed his confidence that the Vietnam visit by his guests will contribute to the strenthening of the long standing friendship between the two peoples, the two armies of Vietnam and Indonesia. Gen. Feisal Tanjung thanked the Vietnamese high ranking officers for their warm welcome and said that he believed this visit would be successful.

Indonesian Ambassador to Vietnam, Mr. Arsegar Jafar Husi was also on hand.

This morning, the Indonesian guests had talks with the Vietnamese military delegation led by Mr. Dao Dinh Luyen. The two sides discussed matters of common concern in a cordial, friendly and mutually understanding atmosphere.

In the afternoon, the Indonesian delegation called on Gen. Doan Khue, minister of national defence. In the evening, it was feted by Senior Lieutenant Gen. Dao Dinh Luyen.

Assembly Delegation Concludes Visit to Hungary

BK1409122595 Hanoi VNA in English
0612 GMT 14 Sep 95

[All Hungarian names as received]

[FBIS Transcribed Text] Hanoi VNA Sept. 13 — A delegation of the Vietnamese National Assembly [NA] led by its Vice Chairman Phung Van Tuu has returned after a five-day official visit to Hungary.

While there, the delegation was received by Hungarian National Assembly President Gol Zoltan.

It held talks with a delegation of Hungary's National Assembly headed by its Vice President Ms. K. Maria. The two sides informed each other of the situation in each country and exchanged views on measures to promote the strength and expansion of the traditional friendly and cooperative relations between the two countries in the new period of development.

The Vietnamese delegation also held talks with the group of MPs in friendship with Indochinese countries, had working sessions with the Hungarian ministries of industry and commerce, home affairs and foreign affairs. It also visited some economic and cultural establishments and scenic places in Budapest, Pecs City and Lake Balaton.

The Vietnamese NA delegation's visit has further tightened the friendship and cooperation between the two National Assemblies and the two nations in the interest of their people and for peace, stability and development in the region and the world as a whole.

Radio Examines IFC's Assistance in Development

BK1409143995 Hanoi Voice of Vietnam in English
1000 GMT 14 Sep 95

[FBIS Transcribed Text] International financial organizations are carrying out a number of projects to help Vietnam. Among them, the International Financial Corporation, or IFC, proves to be very effective to help Vietnam with steel and woodpulp production. Following is a review of IFC's activities in cooperation with Vietnam:

IFC, a part of the World Bank organization, has invested $19.5 million and provided Vietnam with another $26 million in various projects. IFC has also provided Vietnam with technical assistance to develop a capital market and to improve the foreign investment environment.

Earlier this month, IFC approved a package credit to help Vietnam carry out projects in steel production and woodpulp processing. The first project valued at $17 million was to build a steel rolling factory in Ba Ria-Vung Tau in southern Vietnam with an annual capacity of 200,000 tonnes. The factory is to meet Vietnam's demand in infrastructure improvement. The second project is an $11 million credit for the construction of a woodpulp factory. The factory will cost an estimated sum of $26 million. IFC director in Asia, Mr. Peter Cooks, said it was the fifth investment of IFC in contributing to Vietnam's economic development.

Ho Chi Minh City Court Tries Opium Case

BK1409114395 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 18 Aug 95 p 3

[Report by Tran Long Khanh under the "Court Story" Section]

[FBIS Translated Text] Appearing before the court was a feeble 73-year old man. The court allowed him to sit because he could not stand. His wife also appeared as a defendant. When the charges were read, everybody was surprised. Both of them were being charged with drug production.

On 2 July 1994, acting on public information, the Ho Chi Minh City economic police searched the house at number 27, Ham Tu Street, Subward 1, Precinct 5. They found that Nguyen Thi Giang and her husband Vuong Nam Son were processing opium in large quantities. At the investigation hearing, Vuong Nam Son said that he had become addicted prior to 1975 while using opium to cure his tuberculosis. Therefore, he had to produce opium for his own use. In 1981, he started to sell opium to his friends in small amounts. The sale brought him a fair profit, and so he increased the volume. Vuong Nam Son stated that he had purchased raw opium three times in Cua Nam Subward of Nghe An province. In July 1992, he bought 1 kilogram of raw opium for 1 million dong. In February 1994, he bought another kilogram for 1.1 million dong. In March 1994, he bought still another kilogram for 1.6 million dong. When the police apprehended him he was processing 1 kilogram of opium at a cost of 3.4 million dong. In addition to using opium to cure his illness, he also resold the drug for profit. His wife, Mrs. Nguyen Thi Giang, assisted him in processing the opium many times.

Their action was considered dangerous because opium causes bad consequences for society. To prove the strictness of the law and to prevent further actions, the people's court of Ho Chi Minh City sentenced Vuong Nam Son to three years of imprisonment. However, due to his poor health and old age, the court granted him a suspended sentence. After serving his sentence, he will be under the jurisdiction of the local authorities. Nguyen Thi Giang, the codefendant, received an 18-month prison sentence and three years under the jurisdiction of the local authorities. The fine for both of them was 6.8 million dong. They had violated Paragraph 2 of Article 96A of the Criminal Code on production and trading of drugs.

State Bank Halts Bank Credit To Fight Inflation

BK1509110795 Ho Chi Minh City THOI BAO KINH TE SAIGON in Vietnamese 24-30 Aug 95 p 3

[Report by Bich Vi]

[FBIS Translated Text] State Bank Vice Deputy Chau Van Nguyen recently revealed that the bank will only grant supplementary capital loans to credit organizations under special circumstances from now until the end of the year. Nguyen held that by restricting the source of supplementary credit to credit organizations, thus forcing commercial banks to observe the credit limits allocated to their banks and to not reduce bank interests, the State Bank would be able to suppress inflation until the end of the year. He also affirmed that this policy would be changed only if the inflation rate improves.

As chairman of the conference held 16-18 August on credit activity in Ho Chi Minh City, Nguyen held that it is currently necessary for the State Bank to set up regulations that encourage commercial banks to develop their own credit activity independently and effectively. The State Bank should not be involved in their daily decision on whether or not to loan to a borrower. From now until the year end, however, commercial banks will not be permitted to let their lending exceed the limits or to let their overdue loans grow, and they will specifically not be permitted to issue new loans for the purpose of liquidating old loans. At some commercial banks, overdue loans during the first six months of 1995 already increased approximately 2.7 to 4.5 percent in comparison with the end of 1994.

Records show that total State Bank credits in 1994 were 19 percent higher than in 1993. Since the beginning of 1995, the State Bank has only loaned about 1.05 trillion dong, or 78 percent of the amount allocated for annual credit purposes.

Hai Phong Prepares for National Party Congress

BK1409141095 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 14 Sep 95

[FBIS Translated Text] According to the newspaper HAI PHONG, since mid-August, 11 party installations under the direction of the An Hai District party committee in Hai Phong have completed convening party congresses. Generally speaking, due to the close direction of the district party committee, party installation congresses have had fairly good results, especially regarding topics for discussion and personnel. Based on the experience of four experimental party installation congresses, the district party committee can now help other party installation congresses achieve better results. Many party installations in An Hai District are actively preparing for upcoming congresses. The An Hai District party committee standing body is helping party organizations at Nam Hai, Quoc Tuan, and Le Loi Villages in An Duong Town resolve many residual problems, guaranteeing results at upcoming congresses.

Forum To Review French Status if Tests Continue

*BK1509081195 Hong Kong AFP in English
0753 GMT 15 Sep 95*

[FBIS Transcribed Text] Madang, Papua New Guinea, Sept 15 (AFP) — The 16 nations of the South Pacific Forum meeting here warned Friday that they will review France's status as a dialogue partner if it continues nuclear testing in the region.

The forum's final communique backed up a strong statement issued the previous day expressing "extreme outrage" at French nuclear testing at the Muroroa Atoll.

The forum agreed, in the communique, to meet French Cooperation Minister Jacques Godfrain in Port Moresby next week in a normal dialogue session but warned that if any more tests were carried out "the forum will review france's status as a post-forum dialogue partner."

Nauru President Bernard Dowiyogo said that most of the forum's 16 member nations wanted to ban France from their dialogue sessions forthwith, but agreed to admit them to attempt to reach a full consensus.

The Cook Islands and New Zealand leaders however said there was still majority support for meeting France.

Earlier this month Nauru broke off diplomatic ties with Paris after the first of the current series of nuclear tests at Mururoa Atoll.

Dowiyogo told reporters that he was happy with the forum communique, although he had wanted to ban France from next week's sessions.

"Without mentioning names, there were a fair number (in support of the ban). It was the majority of the 16 countries," Dowiyogo said.

Asked why France was not expelled he replied; "It's a consensus."

But he added: "The forum says if France continues to test, we will review your status, that's a pretty good warning."

He said other countries of the Pacific were considering suspending diplomatic relations with France but were waiting to see what response Paris made to the forum statement.

Cook Islands Prime Minister Sir Geoffrey Henry said the forum had taken the strongest position it could.

"It cannot go any further, what do you expect it to do, declare war on France?"

He said the majority of the forum wanted to continue the dialogue session with France.

New Zealand Prime Minister Jim Bolger said he believed the forum communique had majority support and New Zealand was happy with the approach.

"We are very happy and would have supported it if it had come to any sort of head count, we would have said that France is here and we should talk to them, we should tell them face to face the message of the forum.

"Its up to France, and if France tests again I have no doubt the overwhelming majority of the forum will say that's it."

If France lost its dialogue partner status it would be denied "the opportunity of friendly dialogue and understanding with the nations of the Pacific, certainly a backward step for France," he added.

Bolger will meet Godfrain this weekend.

Australia

Trade Minister Confident About APEC Future

*BK1509075995 Melbourne Radio Australia
in English 0500 GMT 15 Sep 95*

[FBIS Transcribed Text] Australia's trade minister, Bob McMullan, has played down suggestions that the APEC [Asia Pacific Economic Cooperation] economies are divided over the extent of free trade in the Asia-Pacific region. China, Japan, Taiwan, and South Korea have signalled they want agriculture excluded from the free trade agenda, but Senator McMullan, who is in Adelaide for an APEC ministerial conference, says Australia is supported by the majority of APEC economies who want comprehensive free trade. Sen. McMullan says he is extremely confident about the future of APEC.

[Begin McMullan recording] Well, you have got to realize we are two months away from the meeting so nobody is going to show their last final compromise offer two months out. I think we have got to relax a bit and say okay we are involved in important discussions, these are issues where the national interests of all the economies involved are affected. [end recording]

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